

Unwanted Children / From Hungary to America, and Back

Two Adoptions End in Return to Sender

By Peter S. Green
International Herald Tribune

EGER, Hungary — When they left the state children's home here in 1996, 7-year-old Gabor and 8-year-old Karoly were looking forward to a bright future as the newly adopted sons of two American couples in the wealthy suburbs of Connecticut.

In March, the boys, their names now officially Gabriel Petrosino and Jeremy Harper and their language now English, found themselves back in Hungary, delivered with little ado to the doorstep of Budapest's main orphanage, each with two bags of clothing and toys, and a lifetime of emotional scars.

Their adoptive parents had simply had enough. They said the boys were children from hell, violent and emotionally disturbed. Unwilling and unable to fit in, they were destroying the lives of their adoptive families.

Adoptions are not meant to be dissolved like mistaken marriages, and under a United Nations treaty protecting children, they cannot be. But legal loopholes in both Hungary and the United States, neither of which has signed the treaty, means that canceling the two boys' adoptions was no more difficult than an average divorce.

The two boys are now back in foster care, but Hungarian officials say the case has revealed the dark side of Hungary's adoption system, which does not properly prepare or screen prospective parents and which they suspect is riddled with bribery, corruption and even baby-selling schemes.

Two lawyers for the parents said that the parents spirited the boys back to Hungary and asked that their adoptions be annulled days before child welfare authorities in Connecticut were to remove one boy from his family. The lawyers said Gabor falsely accused his parents of abuse because he wanted to be sent back to Hungary.

But Hungarian officials said that returning the two, like a pair of faulty video games, was a cruel shock, and that new homes should have been found for them in America.

All that the parents said when they left the boys at the entrance to the Budapest children's home was "bye," reported the parents' Hungarian lawyer, Istvan Fekete.

"I was a bit shocked myself," Mr. Fekete said. "I know they lived together for two years." But he said the boys were also outwardly unemotional about being returned.

"I said, 'Do you know your families don't want you?' They both said, 'O.K.' There was no sadness," he recalled.

"Now, adoption seems to be a commercial transaction," said Maria Herczog, director of Hungary's National Institute of Family and Children. "Parents can choose children and bring them home, and if they don't like them they can bring them back."

And that, Mrs. Herczog said, is devastating for the children. "They have to learn for the second or third time that they are not wanted," she said. "They learn they are not good enough for anyone, to be loved. And when they grow up, can you see what good fathers they will be?"

Hungarian authorities are waging a court

battle against annulling Gabor and Karoly's adoptions, fearing a tide of unhappy foreign parents will simply return their problematic adoptive children.

The parents' American lawyer, Sheri Paige, said the boys were so emotionally damaged before they reached Connecticut that their adoptive parents had to send them back or risk destroying their own families.

Mrs. Paige said both boys suffer from "attachment disorder," the effect of spending in

Karoly, she said, behaved even worse toward his adoptive family. "The kid arrives in America and starts to make sexual passes at their 12-year-old son," Mrs. Paige said. "The kid is getting violent to the baby. And he's defecating in the middle of the living room floor and he's beating up black kids because they are darker than him."

But the real trouble began, Mrs. Paige said, when Gabor told teachers his adoptive parents beat and abused him. Karoly made similar accusations. Authorities investigated repeatedly but found no signs of abuse, Mrs. Paige said. They found only that Gabor and Karoly wanted to return to Hungary.

Fearing that their own children could be taken away from them if the boys kept making their accusations, Gabor's parents, the Petrosinos, brought him to Hungary at Mrs. Paige's urging, she said. The day they delivered their adopted son to the Budapest orphanage, Mrs. Paige said she told the Harper family to come to Budapest. Two days later, Karoly was returned to the orphanage.

MEETING Karoly with his new foster mother Ananka Varadi, he hardly seemed the devil's spawn. He played normally with two other Gypsy, or Roma, boys in Mrs. Varadi's care. Alternately shy and a little wild, he seemed like any healthy 10-year-old.

Magdolna Nagy, director of the Eger children's home, said that Mrs. Paige's descriptions, which the parents repeated at a Hungarian hearing, hardly matched the boys she knew. Instead, she said the families were simply trying to shift the blame for failure.

"It's clear he needed a lot more attention from the family and should not have been put right into school," Miss Nagy said of Gabor. While his adoptive parents had hired tutors and counselors and contacted a Hungarian-speaking priest, Miss Nagy said one thing was clear: "It seems everyone tried to help the kid, except the parents themselves."

When Gabor and Karoly returned they were in shock for months, she said.

Like many former Communist states, Hungary's understaffed and under-equipped orphanages were filled with unwanted children when the Iron Curtain fell. But most are not orphans. Instead, they are often troublesome children of poverty-stricken parents from Hungary's large Roma minority.

Many childless Western parents, desperate to adopt light-skinned babies, found them in Eastern Europe. But often they did not know that the children were available only because they were handicapped or so badly abused that they could not find parents in their home countries.

Both Mrs. Herczog and Mrs. Paige said they suspected bribery may have played a part in Gabor and Karoly's adoptions and may explain why the parents never learned the boys were troubled.

But Mrs. Herczog said that whatever the circumstances, returning the boys to Hungary was wrong.

"I'm not sure that these new parents can cope, and after another break, it's over, and these kids won't be able to attach at all," Mrs. Herczog said. "It's a very scary thing. They'll trust no one."



Karoly, 10, was sent back to Budapest after spending two years with an American family.

fancy without the emotional attachment to a mother.

Mrs. Paige said that neither the home nor the adoption agent, a Connecticut lawyer named Maria Tomasky, told her clients the boys had a history of abuse.

"What Maria and the orphanage didn't tell my clients is that he had a 15-year-old Gypsy prostitute, drug-addict mother who'd come every week into the orphanage and sleep right next to him and then come back," Mrs. Paige said, referring to Gabor.

"When he learned English, the first thing he says is 'I don't wanna be adopted, I have a mother and a sister. I love my mother and my sister. I want to go back to Hungary.'"

Gabor, she said, was so unhappy in the exclusive Connecticut town of Wilton that he attacked his English tutor and was so disruptive that his school insisted his adoptive mother monitor him throughout the day.



A Congolese government soldier organizing army volunteers Friday in Kinshasa.

Is Rwanda Leading Rebels?

Foreigner Hijacked Jet for Congo Insurgents, Pilot Says

By Howard W. French
New York Times Service

ABIDJAN, Ivory Coast — New details are emerging from the hijacking of a commercial jet last week in Congo to suggest that the country's eastern neighbor, Rwanda, has strongly backed and perhaps actively led efforts to bring down the government of President Laurent Kabila.

The hijacked plane was used Aug. 4 to fly rebel troops from rebel-held areas in the east across Congo to the west, where they opened a second front in the insurrection against Mr. Kabila.

In a lengthy account of the boldest rebel operation in the week-old insurrection, given over Congo's official radio station, a Nigerian commercial pilot said he had flown the commandeered plane. After takeoff from the eastern rebel-held city of Goma, he said, he was first ordered to land in the Rwandan capital, Kigali, to refuel.

In the cockpit with him throughout the flight, directing the operation at gunpoint, the pilot said, was James Kabarehe, the Rwandan commander who is widely believed to have led the rebel armies that defeated the long-ruling dictator of what was then called Zaire, Mobutu Sese Seko, and installed Mr. Kabila in power in Kinshasa, the capital, 15 months ago.

Until recently, when Mr. Kabila dismissed him in the midst of a growing rift with Rwanda, Mr. Kabarehe was on loan from that country as the powerful interim chief of staff of the new Congolese Army being assembled by Mr. Kabila.

"If the pilot's story holds up, this has all the markings of a world-class double-cross," said one European diplomat, who spoke on condition of anonymity. "Kabila depended upon the Rwandans so completely that they know his situation inside and out. Now they are using that knowledge against him."

The Nigerian pilot, Raymond Gnaung, is a contract employee of the Congolese company Air Atlantic, whose passenger jet happened to be in Goma when the rebels seized the city. Mr. Gnaung said that not one — as reported earlier — but three jets had flown in the surprise operation to Kinshasa, in western Congo.

Mr. Gnaung said Mr. Kabarehe had led operations as the jets landed at a major Congolese military base at Kinshasa, southwest of Kinshasa, where the arriving rebels exchanged fire with troops stationed at the base.

The pilot said Mr. Kabarehe had been accompanied on his aircraft by at least 180 soldiers, each with his own assault rifle, and by crates of weapons. Another commercial airplane used in the operation, belonging to Congo Air Lines, carried at least 400 troops, he said.

After dropping off the insurgents, the pilot said, the airplanes took off again, with orders to head east.

"Instead of flying back to Kigali, as I was told by Commander Kabarehe, I flew to Lagos, in Nigeria, where I am from, with two wounded aboard," Mr. Gnaung said from Kinshasa, where he has since gone. "I did not want to be an accomplice of the rebels."

Since landing at Kinshasa, Congolese government officials say, the rebels have managed to rally to their side many troops from the defeated army of Marshal Mobutu. These troops were being retrained there for Mr. Kabila's army by Rwandan instructors until Mr. Kabila ordered the Rwandans home two weeks ago.

The rebels already control most of the far eastern part of the country. But in the last few days, Western diplomats say, they have moved from the Kinshasa base to seize two important towns in the west, Banana and Moanda, that control access to the country's only seaport, Matadi.

In the latest fighting, though, they are reported to be encountering strong government resistance about 260 kilometers (160 miles) southwest of Kinshasa.

From the time Mr. Kabila was installed in power by Rwanda, his falling-out with his former patrons has been gradual but steady. In the earliest clear sign of a rift, disgruntled Congolese Tutsi, the ethnic cousins of the Tutsi who dominate Rwanda's government, fought a gun battle last November against other Congolese troops in the capital.

The fighting followed Mr. Kabila's demotion of a senior Congolese Tutsi officer who had played a key role in Mr. Kabila's insurrection against Marshal Mobutu.

Experts in the region's affairs say that what seemed to have prompted the current fighting was a feeling in Rwanda, as well as in Uganda and Angola, two other important sponsors of Mr. Kabila's own uprising, that his government was doing too little to stop cross-border incursions into those countries by rebels who use Congolese territory for rear bases.

The hijacked pilot's account came on a day when the Congolese authorities gave details of what they said was substantial foreign involvement in the rebellion. The Kabila government has accused not only Rwanda but also Uganda of sending troops and tanks into northeastern Congo in support of the rebels.

The United States, which as recently as a few months ago was a strong supporter of Mr. Kabila's, seems to have wearied of his arbitrary rule, erratic style and persistent human rights violations.

"Kabila was careless enough to ignore the concerns of the people who created him," one African diplomat said.

Wuhan Saved as Floodwaters Flow Through Central China

The Associated Press

WUHAN, China — Water lapped at the tops of sandbag dikes Monday in Wuhan when a powerful Yangtze River flood peak passed without flooding. But the misery wrought by torrential rains continued elsewhere in central China.

The water level rose within inches of record highs in Wuhan, a major industrial city of 7 million people, but did not breach its dikes, said a

Wuhan flood official who gave only his surname, Liu. "Everything is normal, but we're keeping our eye on the situation," he said.

Urban areas downriver braced for the arrival of the fourth flood crest of the summer to roar down the Yangtze, the world's third-longest river.

In Jiujiang in Jiangxi Province, residents and soldiers guarding weakened dikes prepared for a long, anxious

night as the crest barreled toward the city of 500,000.

"The situation is already very dangerous," said a flood control official who also gave only his surname, Xiong. "The crest is going to test everything we've got."

Serious breaches in the dike system at Jiujiang have been filled, but low-lying parts of the city remain flooded, he said. The river burst a hole 60 meters (200 feet) wide in a Jiujiang levee

Friday, state media said.

Floods from summer rains that fell heavier and earlier than usual have killed more than 2,000 people nationwide, the government says. The Yangtze has risen to levels not seen since 1954, when floods killed about 30,000 people.

Some flood victims have been sheltering in lean-tos for more than six weeks, raising concerns over the spread of disease, dysentery, infections

and psychological stress.

On Sunday, flood officials blasted dikes in Jiangxi County, about 145 kilometers (90 miles) upriver from Wuhan in the central Hubei Province.

TRAVEL UPDATE

France in a Heat Wave

PARIS (Reuters) — France wilted Monday as temperatures and pollution levels soared, and forecasters said there would be more of the same Tuesday.

After one of the wettest summers on record, an unexpected heat wave pushed temperatures toward 40 degrees centigrade (more than 100 Fahrenheit) in central France and to 36 centigrade (97 Fahrenheit) in the capital, the highest temperatures yet this summer.

There was little wind, causing an accumulation of pollution over the major cities. The police urged motorists to leave their cars at home and to use public transportation.

Italians Curb Visitors

FLORENCE (AP) — Florence has become the latest Italian city to crack down on tourists who lounge, picnic or nap at artistic sites.

As of Monday, visitors can no longer sprawl out or eat on the steps of Palazzo Vecchio, the 13th century palace in the heart of Florence that dominates Piazza della Signoria.

High-speed TGV-Thalys train services from cities in Belgium to Paris were canceled Monday because of a wildcat strike by engineers, the Belgian train service SNCB said. (AFP)

A British Airways jet left Tehran for London on Monday as BA resumed direct flights between the capitals for the first time since the 1979 revolution. (AFP)

Air France and Korean Airlines plan to sign a code-sharing cooperative agreement for flights that will apply to the Paris-Seoul route, Air France reported Monday. (AP)

Taiwan regulators grounded six Dornier 228 planes for safety checks, citing irregular landings and mechanical problems. (Reuters)

Phantom Hijackers Disturb Russians

MOSCOW — Police never located a bomb on a plane whose crew found a ransom note from apparent hijackers, and authorities released passengers after questioning many of them, a Russian news agency reported Monday.

The anonymous note, found in the business-class section of a commercial flight to Moscow from the Siberian city of Tyumen, warned of a bomb and demanded 621,000 rubles (\$100,000) and passage to another country.

After the plane sat for hours on the tarmac at the Moscow airport, the police questioned dozens of the 97 passengers and took handwriting samples from all except the children. But they let everyone go when unable to find a match with the note.

WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.

Europe				Asia			
City	Today	Low	High	City	Today	Low	High
Algeria	20/27	17/27	27/30	Algeria	20/27	17/27	27/30
Amsterdam	18/22	15/22	22/25	Amsterdam	18/22	15/22	22/25
Athens	20/27	17/27	27/30	Athens	20/27	17/27	27/30
Berlin	18/22	15/22	22/25	Berlin	18/22	15/22	22/25
Bombay	28/35	25/35	35/38	Bombay	28/35	25/35	35/38
Buenos Aires	20/27	17/27	27/30	Buenos Aires	20/27	17/27	27/30
Calcutta	28/35	25/35	35/38	Calcutta	28/35	25/35	35/38
Cardiff	18/22	15/22	22/25	Cardiff	18/22	15/22	22/25
Chennai	28/35	25/35	35/38	Chennai	28/35	25/35	35/38
Cairo	28/35	25/35	35/38	Cairo	28/35	25/35	35/38
Cebu	28/35	25/35	35/38	Cebu	28/35	25/35	35/38
Dhaka	28/35	25/35	35/38	Dhaka	28/35	25/35	35/38
Dubai	28/35	25/35	35/38	Dubai	28/35	25/35	35/38
Hong Kong	28/35	25/35	35/38	Hong Kong	28/35	25/35	35/38
Jakarta	28/35	25/35	35/38	Jakarta	28/35	25/35	35/38
Kuala Lumpur	28/35	25/35	35/38	Kuala Lumpur	28/35	25/35	35/38
London	18/22	15/22	22/25	London	18/22	15/22	22/25
Los Angeles	20/27	17/27	27/30	Los Angeles	20/27	17/27	27/30
Madrid	18/22	15/22	22/25	Madrid	18/22	15/22	22/25
Mumbai	28/35	25/35	35/38	Mumbai	28/35	25/35	35/38
Nairobi	28/35	25/35	35/38	Nairobi	28/35	25/35	35/38
Paris	18/22	15/22	22/25	Paris	18/22	15/22	22/25
Rangoon	28/35	25/35	35/38	Rangoon	28/35	25/35	35/38
Seoul	28/35	25/35	35/38	Seoul	28/35	25/35	35/38
Singapore	28/35	25/35	35/38	Singapore	28/35	25/35	35/38
Taipei	28/35	25/35	35/38	Taipei	28/35	25/35	35/38
Tokyo	28/35	25/35	35/38	Tokyo	28/35	25/35	35/38
Yokohama	28/35	25/35	35/38	Yokohama	28/35	25/35	35/38

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Germany	1.35	0.50	63%
Greece	1.35	0.50	63%
India	1.35	0.50	63%
Italy	1.35	0.50	63%
Japan	1.35	0.50	63%
Malaysia	1.35	0.50	63%
Netherlands	1.35	0.50	63%
Norway	1.35	0.50	63%
Portugal	1.35	0.50	63%
Spain	1.35	0.50	63%
Sweden	1.35	0.50	63%
Switzerland	1.35	0.50	63%
USA	1.35	0.50	63%

THE AMERICAS

Demythologizing the U.S. Assassin

Secret Service Finds Stereotypes of Madmen or Losers Misleading

By Bill Dedman
New York Times Service

CHICAGO — Portraits of assassins are fixed in the American mind: the deranged madman, the lonely loser obsessed with his target, the political killer following threats with violence.

These portraits are the stuff of myth, the Secret Service has concluded in "Preventing Assassination," a study of all 83 people who attacked or tried to attack an American political figure or celebrity in the last 50 years.

Agents and psychologists analyzed the lives and actions of Lee Harvey Oswald, John Hinckley and lesser players. The study was bolstered by interviews with a special corps of collaborators, 23 of the assassins themselves.

The results, recently made available, challenge several stereotypes. Fewer than half of the assassins showed symptoms of mental illness. Many shifted from one target to another, valuing the act more than the victim. Not one had communicated a direct threat to the target or to law-enforcement authorities.

The good news, the Secret Service says, is that assassins are recognizable, not by who they are, but by what they do. Though assassins fit no physical or psychological profile, most share a pattern of behavior. Assassination is not a spontaneous event, but a trail of action that can lead to discovery.

"It is far more productive, and ultimately more accurate," the Secret Service concluded, "to examine a chain of thinking that leads a person to see assassination as an acceptable or necessary action, and to attend to behaviors that may precede an attack, than to simply label assassins and assassination as 'irrational' or 'crazy.'"

Lessons from the five-year research project are changing the way the Secret Service identifies and investigates people who may pose a threat to the president and other public figures. Experts outside the Secret Service say the study is helping efforts to prevent stalking, workplace assaults and other forms of targeted violence.

The emerging art of "protective intelligence" was put in the spotlight July 24, when two policemen were killed at the Capitol in Washington. The intentions of the accused gunman, Russell Eugene Weston Jr., may never be known. It is known that in 1996 he was interviewed by the Secret Service after he made apparently delusional comments about President Bill Clinton. Later, after threatening a neighbor, he was involuntarily committed to a mental hospital for paranoid schizophrenia.

Each year, the Secret Service tries to assess the risk posed by about 2,000 people. Some have made threats against another national leader. Others expressed romantic interest in a public figure, pressed grievances that seemed unreasonable or tried to volunteer as a protector.

In most cases, as with Mr. Weston,

the Secret Service finds that the person presents a low risk and the case is closed. Only about 4 percent are arrested. About 13 percent are committed to mental health treatment, many voluntarily.

Protective intelligence is part science, part old-fashioned investigation and part common sense. It is not foolproof. In 1975, for example, Secret Service agents judged that Sara Jane Moore was no threat, and police officers took a gun away from her. The next day she shot at President Gerald Ford.

In 1992 the Secret Service started the Exceptional Case Study Project, which begins with a 1949 case in which Ruth Ann Steinhagen, a 19-year-old fan, shot the star baseball player Eddie Waitkus in a Chicago hotel. He survived.

Other cases include the killings of John Lennon, Robert F. Kennedy, Martin Luther King Jr. and Malcolm X and the attacks by the Unabomber.

Americans have long assumed that assassins fit a profile. But the Secret Service found no profile of background or description fitting enough assassins to be helpful in deciding who is dangerous.

Eighty-six percent were men. Seventy-seven percent were white. The youngest was 16 and the oldest 73. About half the assassins were single and had never been married, and one in three

had children. Almost half had gone to college.

"It would be inaccurate to dismiss these attackers and near-attackers as inadequate, unaccomplished losers," the report says.

Forty-four percent of the assassins had histories of serious depression or despair. Fifty-four percent had a history of harassing others. Forty-one percent had made suicide threats.

Thirty-eight percent of the assassins had been hospitalized at least once for psychiatric reasons, ranging from long-term treatment to brief admissions for suicidal threats.

A stronger pattern emerged in their recent experiences. Nearly all had suffered a recent trauma, like a marital breakup or job loss. "What does seem clear is that, for almost all subjects, attacks or near-lethal approaches occurred after a period of downward spiral in their lives," the Secret Service found.

The most frequent motive that assassins gave for attacking a public figure was to achieve notoriety or fame. Only a few wanted political change or acted in a group. Other assassins wanted to avenge a perceived wrong, to end their pain by being imprisoned or hospitalized or killed, to save the country or the world, to achieve a special relationship with the target or, rarely, to obey voices ordering them to attack.



FIRE TAKES ALL — Evelyn Scholzen, of Salmon Arm, British Columbia, surveying the remains of her house in the Salmon River Valley. Forest fires, fed by high winds, began sweeping through 4,500 hectares (11,000 acres) last week, causing at least one death and destroying or damaging at least 20 homes.

In Texas, Pilloried Napalm Shipment Ignites Little Outrage

By Rick Lyman
New York Times Service

DEER PARK, Texas — Four months ago, after residents and politicians in Indiana and Illinois screamed bloody murder, a train carrying 22,000 gallons of napalm to an Indiana disposal plant was abruptly halted and turned back to California, where the napalm had been molding since the end of the Vietnam War.

In July, another toxic waste company won the napalm disposal contract. This time the company, GNI Group, is situated along the Houston Ship Channel, one of the globe's largest and densest concentrations of petrochemical installations. The very same first shipment of napalm eased its way into Texas last month with only the briefest flurry of complaint.

"The people of Houston deal with this kind of stuff all the time," said Robin Yocum, a spokesman for the Battelle Memorial Institute, the U.S. Navy's prime contractor on the project and the company that lived GNI. "You say, 'Napalm is bad' and they picture the image of that little girl running down the road. But you explain to people in Houston that it's just gasoline mixed with benzene and styrene, and they know right away what you're talking about and what you're dealing with."

Local environmentalists say it is still early in their campaign to stop the project, the highlight of which has been a protest outside a navy recruiting station by someone dressed like a napalm burn victim. They are planning a gathering this month in central Houston to ignite their protest.

"I would have to remind you that up there in Indiana it took them a number of weeks to get organized," said Neal Carman, clear air director for the Lone Star chapter of the Sierra Club. "You know, it's pretty hard to do things outside in this kind of summer. It doesn't make protesting a whole lot of fun."

The environmentalists have an alternative explanation, as well, for the relative lack of citizen outrage over the project, particularly in Deer Park, the community where the napalm will actually be processed.

"People along the Ship Channel don't feel they can do anything about it," said LaNell Anderson, a Houston real estate agent and a member of Grandparents of East Harris County. "They feel powerless, as though

they've been designated as a national sacrifice zone. You know, these toxic companies looked for the place with the least resistance, and that's why they came here."

Roo Crabtree, Deer Park's city manager, said his office had received only about 20 phone calls about the napalm project.

People along the Ship Channel don't feel they can do anything about it. They feel as though they've been designated a national sacrifice zone.

"The overwhelming response from our residents," he said, "has been that this material is of much less hazard than what was already being handled or transported."

elting through our community on a daily basis and that they saw no reason to be concerned."

A total of 3.4 million gallons (12.9 million liters) of napalm had been stored so long in aging aluminum canisters at the Fallbrook naval installation near San Diego that the metal had begun to deteriorate. Local politicians, swayed by residents' concerns, had pushed the navy to find someplace to dispose of it.

In 1994 the navy came up with the notion of getting rid of the notorious explosive through recycling. Battelle

was awarded \$28 million as prime contractor and built a \$5 million plant at Fallbrook. The napalm was to be squeezed out of the aging canisters like toothpaste and placed inside 6,000-gallon isocyanate tanks aboard railroad cars.

Battelle signed a \$3 million contract with Pollution Control Industries in East Chicago, in northwest Indiana. Pollution Control would accept the isocyanate tanks, blend the napalm with a solvent so it would burn at a lower and more predictable heat level, and then ship it to a cement kiln, where it could be burned as fuel, or to another site such as a toxic waste disposal incinerator.

Then, in December, Representative Rod Blagojevich, Democrat of Illinois, caught wind that the navy planned daily rail shipments of napalm through his state, and he began making noise about it. Local environmentalists joined the chorus, as did several other Illinois and Indiana politicians. The Indiana company, Pollution Control Industries, decided that the project was more trouble than it was worth.

GNI, which specializes in handling dangerous and toxic substances, had bid on the project the first time around, and decided to try again.

News reports in early July indicated that GNI was one of three finalists for the contract, leading to a public meeting in Deer Park at which officials from the

company as well as from Battelle and the navy set up booths to explain their plan to residents. About 100 people showed up, said Mr. Crabtree, the city manager.

Bill Reeves, GNI's vice president for regulatory affairs, said the company "took a lesson" from what happened in Indiana. "We felt that if we got this out to the public quickly, it would be understood, and by and large, it was," he said.

The first shipment — 22,000 gallons aboard two railroad cars — arrived July 16. The company hopes to bring two containers of napalm onto its property by rail each week and feed it into the blending process, shipping out the same amount every day. At that rate, it will take two years to complete the disposal.

"We don't want to get into storage," Mr. Reeves said. "We want to move it out at the same rate it's coming in."

But move it out to where? The navy would like the napalm shipped to cement kilns, but thus far neither of the two cement companies in Texas has expressed an interest in it. An easy and financially attractive alternative would be to send the material to a toxic waste incinerator on the property just adjacent to GNI. Some environmentalists and residents maintain that that is the company's real plan.

POLITICAL NOTES

Clinton Hits Road for Party

LOUISVILLE, Kentucky — After nearly a week of studiously ignoring the grand jury investigation that has engulfed the White House, President Bill Clinton on Monday escaped the national capital to push his agenda and raise money for Democratic candidates.

The escape, however, would be brief. Mr. Clinton cut short his three-day trip by one day in order to be in Washington on Wednesday morning to meet with his foreign policy advisers about the embassy bombings in Africa.

"The president felt it was important to come back," said Joe Lockhart, a White House spokesman. "He was not really comfortable being out there."

Hillary Rodham Clinton will stand in for her husband at events scheduled in Milwaukee on Wednesday.

Mr. Clinton opened his trip in Louisville with a moment of silence for the 12 Americans and some 200 Africans who died in the embassy bombings in Kenya and Tanzania.

"We must be strong in dealing with this," Mr. Clinton said. "There is no way out if we start running away from this kind of conduct."

The president also issued another call for Congress to approve a "patients' bill of rights," which would give Americans new power to sue health care providers. He promised to veto an alternative proposal pushed by Republican con-

gressional leaders that would allow health maintenance organizations to define which health services are "medically necessary."

The president initially planned to spend three days on the road, in Kentucky, Illinois, California and Wisconsin. He was the headliner at six fund-raisers for the Democratic National Committee and various Democratic campaigns, including that of Gray Davis, candidate for governor of California.

Aides hoped all the activity would help Mr. Clinton get beyond his Washington troubles — namely, the grand jury investigation of alleged sexual encounters with a former White House intern.

After visiting Louisville, Mr. Clinton was flying to Chicago to attend a "unity dinner" raising money for the Democrats. Then he was headed for San Francisco, where on Tuesday he holds an event on environmental concerns and attends a fund-raiser for Mr. Davis.

A Deeper Look at Poverty

WASHINGTON — Three in 10 Americans lived below the poverty line for at least two months during a three-year period, but few remained poor for longer stretches, the Census Bureau reports.

A new study takes an unusually deep look at poverty in the United States, using seven measures to paint a picture more complex than any one statistic might suggest.

From 1993 through 1995, 30.3 percent of the population lived below the poverty line for at least two months. But just 5.3 percent of them stayed poor for two full years.

"These statistics portray poverty as a trap door for a few and a revolving door for many," explained the report, which examined data from those three years.

The government considers a three-person family poor if its income is below \$13,650; for a four-person family, it's \$16,450.

In 1994, on average, 15.4 percent of Americans were poor each month, and about 22 percent, or 55 million people, were poor for at least two months.

Nearly half of them stayed poor for just two to four months. About 13 percent were poor for more than two years.

On average, people were poor for four and a half months. But the rates differ dramatically by race and family structure. Blacks, Hispanics and children are among the poorest groups in the nation. But the most likely to be poor were families headed by single mothers. (AP)

Quote/Unquote

Secretary of State Madeleine Albright commenting on the embassy bombings in East Africa: "The memory of the United States is very long, and our reach is very far. There is no statute of limitations on any of these crimes." (AP)

Plagued Health Care System

Now More Than 41 Million Americans Lack Insurance

By Robert Pear
New York Times Service

WASHINGTON — In 1994, when President Bill Clinton's effort to reshape the American health care system collapsed, a political consensus emerged from the rubble: In the future, if any changes were to be made, they would have to be made one step at a time.

Four years later, the limits of that incremental approach are becoming clear, in the view of many experts. Most immediately, Congress is confronting demands to provide broad new consumer protections for patients who are fed up with the restrictions of managed care.

Lawmakers also face a deeper, more intractable problem. Despite the passage of several laws intended to expand coverage step by step, the number of Americans without insurance has risen steadily, by an average of 1 million a year.

The number of uninsured has risen yearly since 1987 and now exceeds 41 million.

In Congress, members of both parties keep returning to the problems of the uninsured, but the cost and complexity of any solution pose extraordinary hurdles. Lawmakers say they are determined not to repeat the mistakes that killed Mr. Clinton's first plan, but beyond that there is little agreement.

Congress has enacted two significant health care laws since the collapse of Mr. Clinton's plan. It created a program to finance health care for poor children last year. And in 1996 it passed the Kassebaum-Kennedy law, to make insurance more available to the millions of people who change their jobs or lose them.

These efforts, along with previous expansions of the Medicaid program, have made a difference. But there have been problems.

Federal and state officials say that insurance companies

have found ways to skirt the Kassebaum-Kennedy law by shunning people with medical problems or by charging them very high premiums. The law does not limit what insurers can charge.

Sweeping changes in federal welfare policy may inadvertently increase the number of uninsured children, offsetting some of the expected gains in coverage from the new Children's Health Insurance Program.

The government has struggled to carry out its duties under the new laws. Federal officials had assumed that states would quickly adopt the standards established by the Kassebaum-Kennedy law, but that has not happened in California, the biggest state, and in four other states. In such states, the federal government is supposed to enforce the law directly, but the Clinton administration acknowledges that it was unprepared for this immense new responsibility.

Neither the new laws nor the power of a fiercely competitive medical marketplace has delivered health insurance to Mildred Davis, a 48-year-old custodian and security guard — at a community

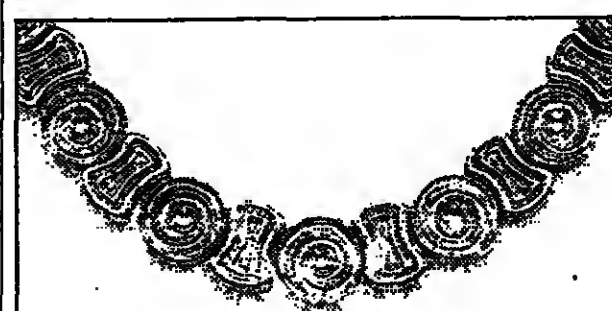
health care center, as it happens — in Austin, Texas.

"I have no health insurance, no dental plan," Ms. Davis said as she sat at the front desk. "When you walk into a doctor's office, the first thing they say is: 'How will you pay? What insurance do you have? I have to go to the bank before I go to the doctor.'"

Like many people who are uninsured, she deferred doctors' visits and medical care until she had a serious need.

As a result, Ms. Davis said, she had an emergency hysterectomy in January after several weeks of uterine bleeding. She received a hospital bill for \$8,000 and a doctor's bill for \$2,000.

Ms. Davis's case highlights the patchwork nature of the current insurance system and illustrates what can happen to uninsured people when they become ill. Even if parents have coverage through their employers, their children may be uninsured. Conversely, many children covered by Medicaid, the federal-state program for poor people, have parents who are uninsured because Medicaid's eligibility rules are much more generous for children than for adults.



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AMERICAN TOPICS

Greyhound Puts on the Dog And Woos Riders to Buses

Greyhound buses, long the symbol of low-cost travel on America's wide-open highways, had passed through a stretch of very rough road in recent years. The company endured a bankruptcy and labor troubles and posted massive losses as more and more Americans flew or drove their own cars instead of opting to "Go Greyhound — and Leave the Driving to Us."

Passengers were alienated by dirty buses, demoralized employees and poor on-time performance. For many, the "Big Dog" had become a real dog. But now, new management is beginning to turn things around, the Los Angeles Times reports.

The company has a remarkably long history. It traces its roots to 1914, when a Swedish immigrant, Carl Wickman, began transporting miners between towns in Minnesota. Over

the years it grew into a huge transportation network that seemed to include a bus station in every small town in America. Now Greyhound serves 2,600 cities.

Along with a new focus on better customer service, improved labor relations and purchasing newer buses, Greyhound has been helped by a rise in airline fares, which have driven some people back to buses. The number of passengers taking trips of 1,000 miles (1,600 kilometers) or more — a market that competes directly with discount airlines — is up 17 percent from a year earlier.

Short Takes

In California, even salad-lovers found themselves briefly on the wrong side of the law. A new food-safety law, intended primarily to require fast-food restaurants to cook hamburgers well enough to kill bacteria, had also made it illegal for a restaurant to serve a Caesar salad — because of the raw eggs — unless the customer consented and the salad was prepared at tableside.

But angry restaurateurs found sufficient salad-loving legislators to help them repeal the law. To celebrate, a chef at Moose's restaurant in San Francisco prepared a two-ton salad, including 500 raw eggs. Hail, Caesar!

A former employee of Pacific Bell has sued the company, saying she was pinned to a filing cabinet by a mail-delivering robot run amok. Pamela Bachman says the incident last year left her with an injured shoulder, back, feet, hand and big toe. A company spokesman said the robots "move at a snail's pace" and have a clean record of service for 13 years.

Wearing baggy pants below the waist is a fashion statement for some young people. In the Louisiana town of Opelousas, however, it can be a crime. Police there have begun citing young men who allow most of their underwear to show. Police Chief Larry Caillier said. At least three young men were cited last week for indecent exposure, a charge that carries a maximum six months in jail or \$500 fine. "The decent people have gotten fed up with the guys who are doing this for no other reason as to be sexually explicit," Mr. Caillier said. Teens are protesting that their exposure is not indecent.

Brian Knowlton

Away From Politics

Two boys, 7 and 8, were arrested on first-degree murder charges in connection with the beating death of an 11-year-old Chicago girl whose body was found last month after she had failed to return from a bike ride. (AP)

American women appear to be giving birth to relatively fewer boys — though the reasons are unclear, researchers at the federal Centers for Disease Control and Prevention reported. (UPI)

A woman looking for her two daughters and three other children drove around in a car without realizing the girls were locked in the trunk, where they had died of heat stroke. The children had been playing together in West Valley City, Utah, as temperatures approached 35 degrees centigrade (95 Fahrenheit). (AP)

EUROPE

In Moscow, Watermelon Vendors Find Competition Hot

By Celestine Bohlen
New York Times Service

MOSCOW — Take the highway out of Moscow toward Ukraine and about a dozen miles outside the capital you will find Aras Guseynov, a mechanic from Azerbaijan, crouched by a 6-foot-square metal pen, specially built to hold 15 tons of watermelons.

By his reckoning, those 15 tons will be sold in as many days — a brisk turnover compared with that of Nina Yegorova, 37, a factory worker with a degree in economics, who sits a few hundred feet away hawking the two tons of watermelons she and her husband brought in a van from a vacation in southern Russia.

On any given day, about a dozen watermelon vendors set up their stands — sometimes pens twice the size of Mr. Guseynov's, packed shoulder-high with great green globes — along a 16-kilometer (10-mile) stretch of the same highway,

peddling the bumper crop of watermelons flooding in to Moscow from all corners of the former Soviet Union.

Nature has much to do with the glut. A heat wave in southern Russia, Ukraine, Moldova and Azerbaijan helped produce a particularly rich harvest early this summer. But Moscow's crowded watermelon market also owes something to the kind of hit-or-miss farm-to-market trading that makes capitalism, Russian-style, a unique experience.

"It's not a good business," Mrs. Yegorova said with a sigh, her arms and shoulders browned from days spent on the roadside, reading a book. "There are too many competitors."

Azerbaijani fruit and vegetable traders like Mr. Guseynov have long had a near-lock on the lucrative Moscow market.

This year's glut has opened up space to newcomers like Mrs. Yegorova, who thought they had

found a good way to earn extra money.

But after two trips down to the Astrakhan region of southern Russia, where they bought watermelons for 1 ruble a kilogram (16 cents for 2 pounds), and several weeks sitting by the highway selling them for the going price of 2 rubles a kilogram, all Mrs. Yegorova had to show for her initiative was the equivalent of a month-and-a-half's salary — 3,000 rubles (about \$480) — at a nearby aviation factory.

"If you consider the gas, the time and the weariness, it isn't worth it," she said.

Roadside vendors, particularly non-Russians, are easy prey for bands of young toughs, or even local policemen who swoop by in their cars, collect armfuls of watermelons and drive off in a cloud of dust.

Mr. Guseynov, who lives in a tent pitched in a forest off the highway, lost 2 tons of watermelons to one such raid.

For traders and seasonal workers,

Moscow remains a magnet. "Moscow has high salaries, people here have money," Mrs. Yegorova said. "That's why people come here."

Local regulations mandate a vendor's license, which in Mrs. Yegorova's case costs about \$17 a year. For Mr. Guseynov, who is not a Russian citizen, a temporary residence permit is required, which he says he has.

For the most part, the brisk watermelon trade has neatly bypassed Moscow's major fruit and vegetable wholesalers, who supply produce stores. There, as in Soviet times, watermelons appear only sporadically, and at higher prices than on the streets.

Many of the watermelons come from Astrakhan, best known for its fast-dwindling supply of black caviar and the sweetness of its watermelons. According to Nikolai Chelobanov, president of the Astrakhan Farmers Association, his members are happy to sell to private traders who pull trucks and vans

right up onto the fields, and avoid the wholesalers who take a layer off their profit.

Mr. Chelobanov says most Astrakhan watermelons are now being grown by private farmers, who according to official figures cultivate only 8 percent of the region's plowed land, but account for 19 percent of local agricultural products.

In recent years, he said, Astrakhan farmers have focused on cash crops for the Moscow market, which in addition to watermelons include tomatoes, eggplants, peppers and, most recently, onions.

But of all their crops, the watermelon is king — a traditional summer treat for Russians, to be eaten as an accompaniment to vodka. "When you eat a ripe Astrakhan watermelon, you don't want to stop eating," Mr. Chelobanov said. "You know the best way to eat an Astrakhan watermelon? Without a shirt or a T-shirt, so that juices run down your chin and onto your belly."

Kohl Sees a 'Decisive Battle' And Shift by German Voters

Reuters

BONN — Chancellor Helmut Kohl took Germany's election campaign into a new phase Monday, declaring that the tide was turning his way and that he would save the final seven weeks. "I am going into this decisive battle in good spirits," the chancellor said before playing host to leaders of his Christian Democratic Union for their first strategy council since the summer holiday period began.

Across the road, the Social Democrats, whose candidate for chancellor, Gerhard Schröder, leads in the opinion polls by a clear but shrinking gap, also held their first leadership meeting in preparation for the autumn campaign.

There is an urge for change in Germany, the party chairman, Oskar Lafontaine, said.

Mr. Kohl, the chancellor for 16 years who is seeking a record fifth term, vowed that his Christian Democrats would never serve in a coalition led by the Social Democrats, many of whose centrist policies are now fairly close to his and those of his party.

Mr. Schröder has said he would try to form a "red-green" coalition with the ecologist Greens if they win enough votes, but he has left open the option of turning to Mr. Kohl's party to form a "grand coalition" of the two main political forces.

The Social Democratic leader stoked speculation about such cooperation last week by suggesting that he could well see himself leading a coalition with Volker Rühe, the defense minister in Mr. Kohl's government, as his deputy.

"The SPD's grand coalition tactic has one aim — to lure the voters of the middle," Mr. Kohl said of the Social Democrats. "We will not form a grand coalition. That is the clear opinion of the party leadership."

Mr. Lafontaine, a powerful figure on the left wing of a longtime Socialist party that now campaigns under the slogan "the new center," hinted that he would be happier out to work with the Christian Democratic Union.

"We are not fighting a coalition election campaign; we are campaigning for a change of policies," he said.



INSPECTION TRIP — Defense Minister Volker Rühe of Germany studying a map Monday during a visit to a German unit serving in the NATO peace force in Bosnia.

ASIA/PACIFIC

Burmese Military Weighs Fate of 18 Foreign Activists

By Keith Richburg
Washington Post Service

BANGKOK — Eighteen foreigners, including four students from American University in Washington, remained in detention in Burma on Monday as the military junta in Rangoon weighs whether to formally charge them for handing out leaflets commemorating the date of the regime's bloody crackdown on a student-led democracy uprising a decade ago.

A spokesman in Rangoon said the 18 activists were detained Sunday after handing out thousands of tiny red pamphlets, about the size of the palm of a hand, with the numbers "8888" for the date, Aug. 8, 1988, when troops opened fire on student protesters in Burma, launching a crackdown that eventually killed thousands. The leaflets also read: "Don't Forget — Don't Give up."

The junta has been extremely jittery in the weeks leading up to the 10th anniversary, and has been clamping down on the National League for Democracy and restricting the movements of the party's leader, Daw Aung San Suu Kyi.

The activists, who went to Burma on tourist visas Friday, were members of a group called Altsean, for Alternative ASEAN Network. ASEAN is the Association of South East Asian Nations, which last year admitted Burma as its ninth member over vehement objections of human rights groups and others critical of the regime's widespread suppression of political dissent.

Six of the 18 arrested are Americans, one is Australian, and the rest are from Thailand, Indonesia, Malaysia and the Philippines. The four American University students apparently became interested in the cause of Burma's democracy movement after hearing Daw Aung San Suu Kyi's husband speak at the campus earlier this year.

The four AU students, all women, were identified as Nisha Marie Anand, 21, Anjanette Hamilton, 20, Michele Keegan, 19, and Sapna Chhatpat, 20. The other detained Americans were identified as Tyler Giannini, a 28-year-old lawyer, and Joel Greer, a 34-year-old Yale law student.

Few other details were available, and representatives of the activist group here in Bangkok were concerned that some students

had not informed their families of their plans to travel to Burma.

By nightfall, officials of the U.S. Embassy had still been prohibited from visiting the detained activists, despite repeated requests.

The government spokesman in Rangoon told reporters Monday that no decision had been made on whether, or when, the activists would be charged. "At the moment, I can't say the extent of legal action that will be taken against them," the spokesman was quoted saying.

Burmese authorities also searched the hotel rooms of the students and found what a statement said was seditious material. It said the activists "were apprehended attempting to incite unrest" in Rangoon.

making process is weighted heavily toward political concerns, not market sensitivity.

Although China's leaders face internal lobbying from exporters, they seem to stake far greater political capital on their promise not to devalue.

Even so, devaluation would not necessarily help China's exports, which actually grew 3 percent in the first half of this year.

Fred Hu, executive director of Asia economic research at Goldman Sachs & Co. in Hong Kong, who predicts firmly that no devaluation will come for at least a year, argued that a change in China's currency would not solve its sluggish export growth, primarily a function of weakening demand in Southeast Asia, which will remain weak regardless.

Besides, China's foreign debt is manageable, and even though its foreign exchange reserves of \$140 billion have begun to slip, they are among the most substantial in the world.

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Continued from Page 1

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Sweden's ruling Social Democrats go into the Sept. 20 parliamentary elections faced with irresistible demands to restore what was cut. "There are Swedes who are excited about the possibilities of the future, but more who are scared by them, and the politicians respect the scared part because that's where you get the votes," said Mats Lindgren, the chairman of the consulting firm Kairos Future.

"No one is sure about what the way for Sweden is anymore," Mr. Sjoren said. He produced study charts that held out little hope that the country's leaders would take any decisive action. Measuring the dispositions of major countries, the document placed Sweden in the corner

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A Second Case Of Poisoning Stumps Japan

By Stephanie Strom
New York Times Service

TOKYO — Ten people in Niigata, a port city northwest of Tokyo, were hospitalized Monday after drinking tea and coffee made with water that appeared to have been poisoned, police said.

Police said the incident could be a copycat crime inspired by a similar poisoning on July 25 in Wakayama, southwest of Tokyo.

In that case, four people died after eating curry containing arsenic and possibly cyanide. The curry had been served at a local festival and sent dozens more to the hospital.

The victims in Niigata were among 13 workers at the local branch of Kyence Inc., a company that makes preserved lumber used in the construction business.

They made themselves tea or coffee after participating in morning exercises. Almost immediately, they were taken to three area hospitals with symptoms that included fainting, impaired vision, vomiting and numbness in the hands and feet.

In Wakayama, police suspect that a community feud may have led to the poisoning. The victims included two community leaders, as well as a 10-year-old boy and a 16-year-old girl.

Tests found traces of arsenic in all three pots in which the curry was served.

Arsenic is commonly used in pesticides and for the extermination of rodents, although its use in Japan is prohibited.

Poisoning is not uncommon in Japan, a country where the ownership of guns is strictly limited.

YUAN: Economists Agree That Beijing Won't Devalue, but the Markets Aren't Convinced

Continued from Page 1

misunderstands basic tenets of political and economic reality in China today.

"If Zhu Rongji allows a devaluation, his political career is over," said an investment banker in Shanghai, referring to the prime minister of China. "The political advantages of maintaining the currency far outweigh the temporary advantages of devaluing."

Naturally, there are some reasons for Beijing to devalue, like the need to spur exports at a time when the economy is weakening, when foreign investment is falling and when millions of urban workers are facing unemployment. Chinese exporters of steel and other products have started grumbling openly that it will be hard to pay employee salaries without company income.

But there are deeper reasons for Beijing not to devalue. China is in the midst of a wrenching shift from a state-run to a market-oriented economy, trying to sell off the bulk of its government-owned industries,

and about the last thing leaders in Beijing want is a further case of disruption.

Making China's exports cheaper, many economists argue, is an inefficient way to strengthen its economy. In the long run, maintaining the currency makes economic sense by providing a stable environment for investment, foreign and domestic.

Sensing those imperatives from the beginning of Asia's economic crisis, China's leaders decided that they would maintain the yuan for the time being, and have said so repeatedly.

On Sunday, President Jiang Zemin reassured that view strongly in a meeting with Foreign Minister Masahiko Komura of Japan.

What outsiders often overlook is that China's economy is not yet fully integrated with the rest of the world. China's currency is not freely convertible, so there is little immediate market pressure on the yuan. Exports accounted for about 20 percent of gross domestic product last year, leaving the bulk of China's output domestic.

More important, Beijing's decision-

making process is weighted heavily toward political concerns, not market sensitivity.

Although China's leaders face internal lobbying from exporters, they seem to stake far greater political capital on their promise not to devalue.

Even so, devaluation would not necessarily help China's exports, which actually grew 3 percent in the first half of this year.

Fred Hu, executive director of Asia economic research at Goldman Sachs & Co. in Hong Kong, who predicts firmly that no devaluation will come for at least a year, argued that a change in China's currency would not solve its sluggish export growth, primarily a function of weakening demand in Southeast Asia, which will remain weak regardless.

Besides, China's foreign debt is manageable, and even though its foreign exchange reserves of \$140 billion have begun to slip, they are among the most substantial in the world.

Perhaps most faulty in the recent market reasoning is the concern that a falling yen is

adding pressure to the yuan.

There is precious little connection between the two, said Dong Tao, an economist who follows China closely for Credit Suisse in Hong Kong. There is almost no overlap between Chinese and Japanese exports, and while Japan bought about 20 percent of China's exports last year, the bulk of its purchases were in low-end clothing that are not very sensitive to price changes.

Chinese leaders have adeptly used the falling yen to their advantage, raising concern about the Asia-wide effects of unstable currencies. The markets have interpreted such rumbling — inaccurately, economists say — as a sign that China would devalue the yuan.

"The Chinese are legitimately saying to the U.S. and Japan: You've got to straighten out the situation in Japan for the stability of Asia," said John Finkel, director of China research at Merrill Lynch & Co. in Hong Kong. "They're saying: You want us to open our markets? Well only when the overall picture is calmer."

Brunei Sultan Proclaims Heir to Throne

Compiled by Our Staff From Dispatches

BANDAR SERI BEGAWAN, Brunei — With the bestowal of an ancient sword, Brunei on Monday proclaimed Sultan Muda Hassan Bolkiah's eldest son heir to the throne in one of the world's last surviving absolute monarchies.

To the dull boom of a cannon salute, Prince Muhtadee Billah, 24, became next in line to be the 30th ruler of the tiny Borneo Island sultanate, which has endured for six centuries and now lives largely on its huge oil and gas reserves.

Prince Billah is the third child of the monarch; the two older daughters are ineligible for the throne.

But the royal pomp and pageantry at the 1,788-room palace on the banks of the Brunei River mask a growing unease in the

Southeast Asian kingdom. This is a time of economic troubles for the sultanate, with an embarrassing family feud brought on by the wayward financial dealings of the sultan's younger brother, Prince Jefri Bolkiah, who is now in self-imposed exile.

Prince Jefri was abruptly removed from the controlling positions of Brunei's flag-ship company, Amedeo, after a reported \$16 billion loss. He was stripped of his post as head of the nation's international investment arm, the Brunei Investment Agency.

Citizens in Brunei, where officials face imprisonment for disclosing financial secrets, will likely never know the extent of damage caused by the failure of Amedeo, which owns the New York Palace Hotel, the Dorchester Hotel in London and Asprey's, jeweler to Britain's royal family.

The rift appears to be widening, as the sultan, according to officials, also plans to strip his brother of control over three large oil wells.

For the 300,000 citizens of Brunei, the proclamation ceremony under the peaked roof of the glittering royal palace seemed a chance to put economic troubles and strains within the royal family aside for a day.

Some 4,000 guests watched as Prince Billah's uncle, Prince Mohamad, read the text of the proclamation, inscribed on a silk scroll and borne on a golden cushion.

After receiving the ancient kris in a golden sheath, Prince Billah, dressed in a golden tunic and wearing a gold crown, ascended a dais under the soaring palace roof to kiss the right hand of his 52-year-old father.

(Reuters, AP)



The prince with his crown Monday.

BRIEFLY

Cold War Negotiator Is Cleared

BERLIN — Saying the former East German government was at fault, not its negotiator, a federal court lifted the extortion conviction of a former East German lawyer who arranged spectacular spy and dissident swaps during the Cold War, judicial officials said Monday.

Wolfgang Vogel, now 72, negotiated the swaps of at least 150 spies, as well as the release of nearly 34,000 East German political prisoners and the relocation to the West of about 215,000 East Germans.

After the Berlin Wall fell, he and some of his associates were tried on charges of having extorted cash and property from those they helped move to the West. Mr. Vogel was convicted of extortion in one trial, but cleared in another.

The case reached the Federal Court of Justice in Leipzig after both prosecutors and Mr. Vogel's defense sought clarification of the dueling rulings. (AP)

Longer German Store Hours?

BONN — Pointing to a survey that found most Germans happy about being able to shop later, Economics Minister Guenter Rexrodt said Monday that he would like to see the store-closing laws loosened even more.

A poll by the Ifo institute and Infratest found 55 percent of Germans in favor of the longer shopping hours that have been in effect since November 1996.

But the president of the main German retailers association, Hermann Franzen, said that it would take at least two more years before his members could discuss another liberalization of store hours. "We're not living in America after all," he said. (AP)

2 Cases of 'Mad Cow' in France

PARIS — Two new cases of "mad cow" disease have surfaced in France, bringing the number of cases discovered in the country so far this year to nine, the Agriculture Ministry said Monday.

A total of 40 cases of the disease, officially known as bovine spongiform encephalopathy, have been reported in France since it first appeared in 1990. (Reuters)

Sweden Apologizes to the Sami

STOCKHOLM — The reindeer-herding Sami people of northern Sweden have won an apology from the government for centuries of oppression.

The Sami, who number about 70,000 and who dislike the more widely used names Laplander and Lapp, are pushing for rights as an indigenous people.

Agriculture Minister Annika Ahlberg said Saturday that the government wanted to "apologize to the Sami people for the abuses carried out against them." (Reuters)

SWEDEN: Country Is Adrift

Continued from Page 1

remuneration into social security and pension plans.

While center-left parties in European countries such as Britain, the Netherlands, France and Spain have cut government subsidies,

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"No one is sure about what the way for Sweden is anymore," Mr. Sjoren said. He produced study charts that held out little hope that the country's leaders would take any decisive action. Measuring the dispositions of major countries, the document placed Sweden in the corner

INTERNATIONAL

Inquiry in Tanzania Calls For Diplomatic Skills

By Jane Perlez
New York Times Service

DAR ES SALAAM, Tanzania — The Tanzanian police said Monday that they had detained "several" suspects in connection with the terrorist bombing of the U.S. Embassy here.

But senior Washington officials treated the announcement warily, and a team of FBI investigators who have arrived to examine evidence had not interviewed or seen the suspects.

The assistant secretary of state for African affairs, Susan Rice, cautioned that the detentions were part of a "routine roundup" of the kind that often occur in some African countries, and she suggested they should not be taken "too seriously."

The detentions were not significant enough to warrant mention by Madeleine Albright, the secretary of state, when she telephoned a senior embassy official in Dar es Salaam this afternoon to congratulate him on the hard work of his staff in the aftermath of the disaster.

The announcement of the detentions, made by the assistant police commissioner, Wilson Mwanusu, gave no details of who the suspects were, precisely how many were being held or where they were being detained.

A senior Clinton administration official said it was understood from the Tanzanian authorities that the

suspects were citizens of Sudan and Iraq currently in Tanzania.

Monday was a holiday in Tanzania and there were few officers at the central police station. Mr. Mwanusu said he would present further details Tuesday.

The vagueness of the statement, coupled with the apparent enthusiasm to show cooperation with the administration as it tries to solve the case of the dual bombings, suggested some of the difficulties Washington faces as it searches for evidence in the two African nations.

Both Kenya and Tanzania have underfunded police forces with little equipment or experience in complicated investigations.

U.S. law enforcement investigators are nevertheless anxious to develop a good relationship with the Tanzanian and Kenyan authorities and will show respect by chasing down every lead, a State Department official said.

At all costs, the official said, the FBI wants to avoid repeating the rocky relationship it had with Saudi Arabian authorities when it investigated attacks on two U.S. military installations in that country in 1995 and 1996.

A U.S. Embassy official went out of his way Monday to praise the Tanzanian police, noting that they had interviewed people prior to the arrival of American experts and "we're very appreciative of the cooperation."

Some of the efforts at teamwork have been evident in the past two days. FBI investigators visited the morgue at the Muhimbili Hospital on Sunday where the bodies of the nine Tanzanians who died in the explosion were kept for inspection by the Americans.

One U.S. official said that the Tanzanian authorities were bending over backwards to make sure that the Americans had full access to the bodies.

So far, the American side of the investigation has concentrated on combing the shattered embassy building and searching for evidence inside and out for traces of explosives and other material.

Tanzanian newspapers and officials have repeatedly stressed in recent days that the bombing at the embassy was most likely the work of a foreigner.

Tanzania prides itself on being a peaceful nation in a continent rife with civil war and tribal conflict, and the U.S. Embassy noted that it was "very unlikely" that any Tanzanians were responsible.

Tanzania has a higher percentage of Muslims than any other East African nation. In the last several years, a more militant form of Islam has taken over in some mosques.

In February, the police killed two people and arrested more than 120 others in the heavily Islamic district of Mwanza City in Dar es Salaam. The government closed the local mosque and then handed it over to a group of moderate Islamic elders.

ATTACKS:
Searching the Rubble

Continued from Page 1

missing; on Sunday, it had put the number at more than 30.

In a solemn military ceremony at Jomo Kenyatta Airport on Monday afternoon, American soldiers in camouflage uniforms loaded 11 flag-draped caskets onto a giant Galaxy cargo plane for the flight to Frankfurt and eventually the United States. The 12th American victim, Jean Dalizu, was married to a Kenyan and will be buried here. There were no speeches, no sounds other than the distant hum of aircraft as the American ambassador, Prudence Bushnell, paid tribute to her fallen colleagues with her bandaged hand over heart, and the soldiers saluted.

Back in central Nairobi, there was a glimmer of hope for a miracle, that a woman, who has become known as "Rose," might still be alive under the tons of twisted concrete and steel that was once Ufundi House, adjacent to the U.S. Embassy.

At midday, the Israeli and Kenyan rescue teams, which have been working around the clock since Saturday afternoon, stopped briefly when they thought they heard tapping. But they were soon back at work and with less caution, as the possibility of someone buried being killed by falling debris fell to almost zero. Thick dust filled the air as cranes and bulldozers tore away the 20-foot-high (6-meter) mound of rubble.

While the rescuers' work is almost over, the investigators are just beginning.

On the lawn of the state headquarters of the Kenya Railways Corporation, FBI agents raked the grass and combed through it on their hands and knees. It was hard to imagine what they could possibly find or be looking for. But it was obvious that the agents knew, from their experience investigating the bombing of the Federal Building in Oklahoma City and of Khobar Towers, an apartment complex housing Americans in Dhahran, Saudi Arabia.

"It is a slow, tedious process," said one FBI agent, standing among the rubble, as a huge tractor with front-loader hauled away twisted car body frames. "The tiniest bit of something can become a clue."

Embassy officials dismissed a report they had evidence that the vehicle carrying the explosives had been turned away when it tried to park in front of the building, and that it then headed around the back, where the explosion occurred. Another report circulating here Monday was that this vehicle had American diplomatic license plates.

A witness interviewed by The New York Times gave a detailed account of the moments just before the blast. Ochieng Okwach, a driver for the national parks service, was sitting in traffic less than 50 meters away when the bomb exploded.

Mr. Okwach, 42, said he saw a yellow pick-up truck with an enclosed cargo area turn around in a parking lot behind the embassy. The truck backed up toward an entrance ramp to an underground parking garage at an oblique angle, stopping about five meters from the gate, he said.

Then a man leaped from the back of the truck wearing a blue uniform identical to the ones worn by security personnel who guard the parking lot and the embassy's front entrance. The man, who carried a black object the size of a walkie-talkie in his right hand, made a throwing motion toward the embassy, he said. A small explosion followed. Then the man ran back to the pick-up and jumped in the back.

A second later, the pick-up exploded in a fireball, Mr. Okwach said.

"I thought it was some robbers wanting to rob the bank," he said. "When I heard that blast, I said, 'Oh, God, it is the end of the world.'"

Mr. Okwach said he had not been interviewed by any American agents or the local police.

A sense of the difficulties and frustrations the investigators face was present in a conversation with two senior officers of the Cooperative Bank, which is next to the U.S. Embassy.

One of the men said he had heard gunfire and three blasts. The other man, wearing a gauze mask over his face because of the dust, disagreed with his colleague. It had been two blasts and no gunfire, he was certain.

The sound of glass being swept up marked the work in nearby shops Monday, as life in the capital turned largely back to normal. The streets were bustling with pedestrians and most shops were open.

But there was an undercurrent of tension and fear.



FBI agents sifting through rubble Monday during the investigation of the embassy bomb attack in Nairobi.

More 'Fortress Embassies' for U.S.?

Some Buildings May Have to Be Relocated From Urban Areas

By Joseph Fichett
International Herald Tribune

PARIS — The U.S. response to the terrorist bombings in Africa will include a multibillion-dollar program to bolster defenses for embassies and other government installations overseas, Clinton administration officials predicted Monday.

In some cases, embassies may have to be relocated away from central urban areas for greater security. The effort will focus on physical barriers making it impossible for buildings to be approached by explosive-filled vehicles of the sort used in the devastating attacks in Kenya and Tanzania and in past years against U.S. facilities in Lebanon and Saudi Arabia.

"We've already got fortresses in the Middle East and in Europe, so now we're going to have to look at similar measures in other places," a White House aide said, apparently meaning embassies in Africa, Asia and even Latin America.

In many capitals where U.S. embassies are located in densely built-up office neighborhoods, there is little room to obtain what planners call "a setback" from the street, creating enough distance to provide protection from the blast of a truck bomb. That safety consideration could prompt the need to move or rebuild some facilities, officials said.

Even when space can be found and protected with obstacles to provide a buffer space against truck bombs, a strong enough explosive load can wreak severe damage on buildings whose architecture is weaker than a military bunker, experts said.

Not all U.S. diplomats are in agreement with this approach, arguing that physical security can never provide full

protection and that there is a political cost in the form of isolation that hampers human contact. But a U.S. ambassador who had been seeking to improve access to some facilities he manages said that "there will be no political alternative to tightening up."

Politically, the United States might eventually find some consolation from the bombing, a Clinton aide said, "if there is a backlash in these countries in Africa and elsewhere that results in more support for U.S. efforts against terrorism — maybe some more votes in international organizations, maybe even greater cooperation by these governments with U.S. intelligence and police on the issue."

Shock at the scale of the damage may be even stronger in Kenya and neighboring countries because sub-Saharan Africa, like Asia and Latin America, has been only marginally exposed to the attacks on airliners and embassies in recent years that were spawned by turbulence in the Middle East.

That terrorism, long concentrated against U.S. facilities in Europe and in Muslim countries, has spurred Washington to strengthen security at buildings there. This, in turn, has driven the terrorists to look elsewhere, officials said, even though they cautioned that they did not have any concrete leads about who carried out the attacks in Nairobi and Dar es Salaam.

But the embassies there were "soft-skinned targets," a Clinton aide said. By demonstrating their ability to reach them, "the terrorists have shown that globalization now applies to terrorism," the official said.

As a result, another official said, "there is going to be a sharp look at these new dimensions of the threat" in geographical terms followed by moves to bolster physical security at many of the

280 embassies and other diplomatic facilities operated by the United States around the world.

Defending her department's record in trying to upgrade security systematically in recent years, Secretary of State Madeleine Albright said on television Sunday that "we do not have the resources for it." Work had been done to start next January on a \$3 million program of improvements at the Nairobi embassy.

In the last 10 years, Congress has provided less than \$900 million of the nearly \$3 billion the State Department said was needed to meet the security standards set in the mid-1980s by a panel run by Bobby Ray Inman, a retired admiral and former deputy director of the CIA.

Now, officials said, Congress may be ready to move to increase spending on embassy security. "It's cyclical," an official said, explaining that urgency about such programs drains away when there is a lull in attacks.

CLINTON:
Refusing Intimidation

Continued from Page 1

three-day trip into the heartland that aides hoped would distract attention from the Monica Lewinsky matter, Mr. Clinton was to return to Washington one day early to meet with his foreign policy advisers about the embassy bombings.

In Washington, Mrs. Albright announced the \$2 million reward during remarks to State Department employees. She said she would fly to Germany on Wednesday to meet at Landsuhl Hospital, near Wiesbaden, with some of the wounded and their family members. She will accompany the bodies of 11 of the 12 Americans who were killed back to the United States.

Mrs. Albright said she was working with the administration and Congress to secure funding to rebuild the damaged facilities in Kenya and Tanzania and to make other U.S. diplomatic posts safer with such measures as purchasing metal detectors and armored vehicles and building barricades.

The State Department, she said, was consulting with Tanzanian and Kenyan officials about ways to provide support. In addition to the high human cost and extensive material damage exacted by the bombings, both countries expect their tourism industries to suffer.

In comments frequently interrupted by applause, Mrs. Albright again expressed U.S. determination not to bead before terrorism.

"This principled, purposeful nation, will not be intimidated," she said. "We will redouble our efforts to build peace and to fight intolerance. We will meet our responsibility to stay engaged in the world, to keep standing up for the values that the peacemakers cherish and for the future that the bomb-throwers fear."

"For although terror can turn buildings to rubble and laughter to tears, it can never, will never, deter America from its purpose or presence around the globe. That is the best answer we can give to the despicable cowards who did this."

BRIEFLY

Algeria Troops Kill 27 Muslim Rebels

ALGIERS — Troops have killed 27 Muslim rebels, most of them in a forest in southwestern Algeria, in latest military operations, local newspapers said Monday.

Nineteen members of the Armed Islamic Group, Algeria's most radical guerrilla faction, were shot to death over the past few days in the forest near Tiaret, 220 kilometers (135 miles) southwest of Algiers, the daily L'Authentique said.

Eight Muslim guerrillas were killed during the weekend in military operations in the Bourmerdes area, 40 kilometers east of Algiers, and Medea, 70 kilometers south of the capital, said La Nouvelle Republique. (Reuters)

Saudis Crack Down On Illegal Workers

RIYADH — Saudi Arabia expelled 106,000 illegal workers from the kingdom in the last three months, newspapers said Monday.

The expulsions follow a campaign started in October aiming to replace expatriate workers with Saudi nationals. About 750,000 illegal workers have already been expelled under the program, government statistics show. Riyadh hopes to create 650,000 jobs for Saudi nationals under a five-year budget begun in 1995. Official estimates put the number of expatriate workers in the kingdom, who are mostly Asian nationals, at about a third of the 18 million-strong population. The Saudi government in July stopped renewing work contracts for non-Saudi nationals employed in government offices, except for a few technical posts. (AFP)

Nevis Islanders Vote To Decide Its Status

CHARLESTOWN, St. Kitts and Nevis — Residents of the tiny island of Nevis trickled into voting stations Monday to decide whether to make the Western Hemisphere's smallest nation even smaller.

Nevis, covering 36 square miles (93 square kilometers) and with a population of 10,000, is a two-mile (three-kilometer) ferry ride from St. Kitts, which has a population of about 35,000 on 68 square miles.

The two Leeward Islands have formed a single nation since gaining independence from Britain in 1983.

Vance Amory, prime minister of Nevis, said, "The people of Nevis want to be in control of their affairs. That is the issue at hand. There is no other issue." Mr. Amory argues that while Nevis contributes 38 percent of the nation's \$85 million budget, it receives only 21 percent. (AP, Reuters)

For the Record

President Andres Pastrana of Colombia has named Fernando Tapias, a former army inspector-general and intelligence officer, as the new armed forces chief and has replaced the commanders of the army, navy and air force, forming a new military team. (AP)

STARR: Likely to Spotlight Lewinsky

Continued from Page 1

most Americans, pollsters have reported, consider private.

At the same time, it could reflect confidence by Mr. Starr that he can persuasively demonstrate that Mr. Clinton, despite his repeated denials, not only had a sexual relationship with Ms. Lewinsky but also asked her to lie about that relationship and thereby sought to obstruct justice.

That could add importance to recent comments by some leading members of Congress who have said that if Mr. Clinton publicly admitted any wrongdoing in the case and offered a plausible explanation — such as that he lied to protect his family — they would be inclined to drop any effort at impeachment.

If the reports of a narrowly focused Starr report prove true, Mr. Clinton might be able to end the matter with a carefully presented public explanation.

But the president has consistently maintained that he did nothing wrong.

Mr. Clinton's aides say he has no plans to address the public, at least not

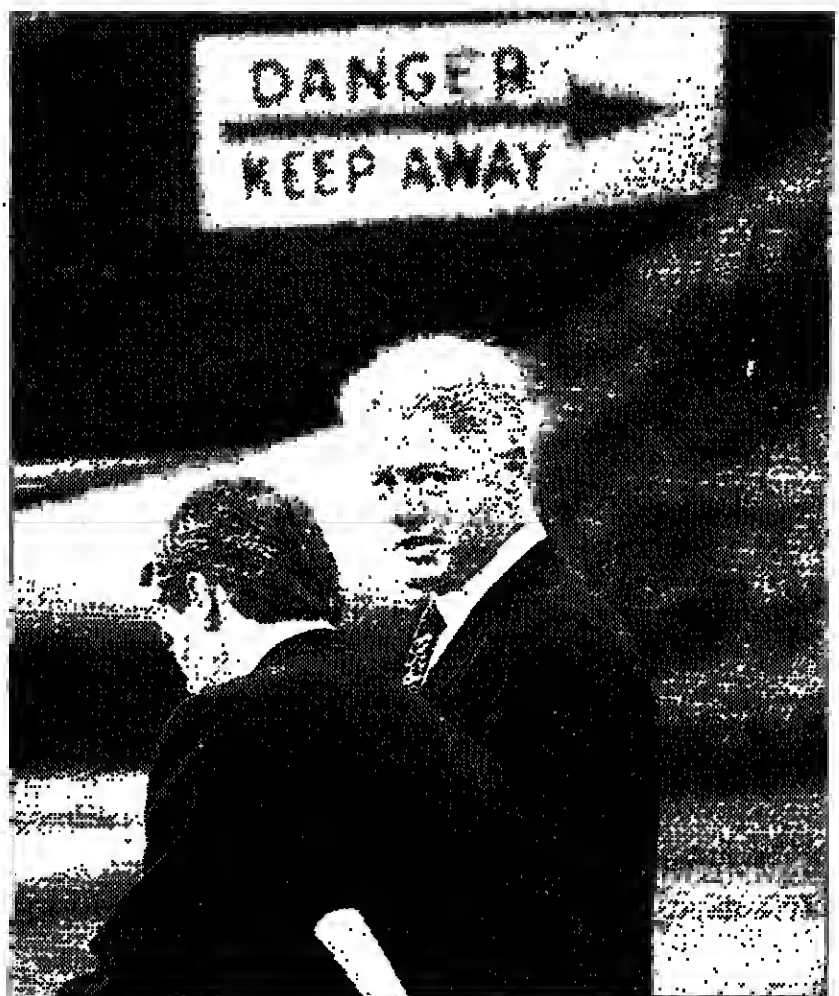
before his Aug. 17 testimony to Mr. Starr in the matter.

There has been recent speculation here that the president might yet seek a way to avoid having to testify, perhaps by citing concern about the secrecy of his testimony. He could, for example, point to the recent ruling by Judge Norma Holloway Johnson, who is overseeing the grand jury investigation, that Mr. Starr must prove that illegal leaks of the jury's secret deliberations had not emanated from his staff.

Plans for Mr. Clinton's testimony remain unchanged, however, White House officials say.

If Mr. Starr does send a report to Congress — under the independent counsel statute, he must "advise the House Representatives of any substantial and credible evidence ... that may constitute grounds for an impeachment." — It is generally expected to come by mid-September.

Anything later, political analysts say, would expose the report to attack by Democrats as being intended to affect the legislative elections in November.



Mr. Clinton walking Monday with an adviser, Doug Sosnik, to a copter.

JAPAN: Opposition Denounces Bank Plan

Continued from Page 1

As confrontation loomed, the yen traded lower, with the dollar briefly rising to 146.70 yen, near the 146.75 level hit in June, before falling back to 146.05 late in the day in New York.

After the yen's plunge in June, Washington and Tokyo jointly intervened to prop up the Japanese currency. Traders were again wary of intervention Monday. But many predicted that Washington might be more reluctant to act this time because Japan still has not taken steps to force banks to get rid of more than \$600 billion in bad loans.

Japan's central bank could intervene on its own to prop up the yen. "But if Japan went it alone, that would make a strong statement that the U.S. was not with Japan, which in itself would be a negative," said Alan Marantz, managing director of Lehman Brothers Asia.

In addition, said Peter Churchouse, a Hong Kong-based strategist with Morgan Stanley, "a weak yen and a weak

Japanese economy raises the risk that the Chinese will go back on their commitment to maintain the current exchange rate" of the yuan.

A key element of Mr. Obuchi's plan to get Japan back on the path to economic recovery had been the Liberal Democrats' backing reform measures. The party had called a special session of Parliament to try to pass these bills.

The plan calls for the creation of "bridge banks" that would take over the operations of troubled banks for up to five years. Apparently the bridge banks would continue to lend to many of the current banks' risky customers. Democratic Party officials say that the plan is designed to shelter the banking and construction industries and that swifter, more aggressive action must be taken to clean up the problem of bad debt.

The Democratic Party has come up with a plan calling for the immediate nationalization of troubled banks. The banks' managers would be replaced by outsiders who would restructure and then privatize the banks by March 2001.

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include those who are guilty of "pessimism," "formalism" or "anti-scientific observations."

Style

TUESDAY
STAGE

'Star Wars'-Crazed Collectors Now Even Seek Out Copies



Pages from the "Star Wars Scrapbook: The Essential Collection," by Stephen Sansweet.

By James Barron
New York Times Service

NEW YORK — Hollywood-crazed collectors have long been willing to pay handsomely for original props like Dorothy's red shoes. But reproductions of collectibles? Chronicle Books, a medium-sized San Francisco publishing house, is betting that there is a market out there for such items, and somewhat closer to earth than the Tatooine desert.

Chronicle has just issued "Star Wars Scrapbook: The Essential Collection," by Stephen Sansweet, a former reporter for The Wall Street Journal who is revered by other collectors for having one of the world's most extensive holdings of "Star Wars" memorabilia.

Wants' trilogy. The ticket slips out of an envelope that has been glued to a page in the scrapbook. There are also silver stickers that were given away in Japan and a C-3PO mask that was distributed in England.

Instead of writing dialogue, he scribbled a note about an idea that had more to do with earthbound collectors than with his bizarre little universe of odd-looking aliens, robots with strange-sounding names and something as mysterious as "the force."

They were printed; they sold poorly then, but today they go for \$400 apiece. So how hot is the market for "Star Wars" collectibles? Jason Joiner, a British collector who is listed in the Guinness Book of World Records for his 26,000-item "Star Wars" collection, says there are two categories: "old" collectibles, which were distributed when the films were first released, and "new" ones issued for the re-releases.

There are reproductions out there. They sold reproduction copies of the X-wing fighter and light sabers. They display beautifully, they sell for \$300 to \$500 but they weren't in the movie. If you had an actual prop used in the movie, one of the actual light sabers, you could probably go to six figures.

BOOKS

TOO COOL

By Duff Brenna. 364 pages. \$22.95.
Nan A. Talese/Doubleday.

Reviewed by Richard Bernstein

WILLIAM BLAKE said that the road of excess leads to the palace of wisdom, and the mythologist Joseph Campbell, in a statement that Duff Brenna uses as an epigram to his new novel, said something similar.

"Ambition hooked him briefly, little daydreams about being like her," Brenna's narrator says of Triple E's complicated relationship with Mrs. Bridgewater. "But then he lost faith. Words coming from her mouth wandered over him empty as air, unable to do anything, unable to physically take hold and change anything."

him. As he recalls his days at the Goodpasture Correctional Facility, he remembers Mrs. Bridgewater's delusional notion that Triple E was a special sort of boy whom she would save with love and literature. She has him read passages from a book called "Modern Man in Search of a Soul," but as he complies, his mind is occupied elsewhere.

A Fashion Approach to Pottery

The Eclectic Jonathan Adler Amasses a Fan Club

By Jennifer Steinhilber
New York Times Service

NEW YORK — Jonathan Adler wants to be perfectly clear: He has all the respect in the world for traditional potters who churn out pretty glazed vases and earth-tone dinner plates. But when he approaches the kiln, he is not thinking Mother Earth, but rather a different sort of woman — Coco Chanel, say.

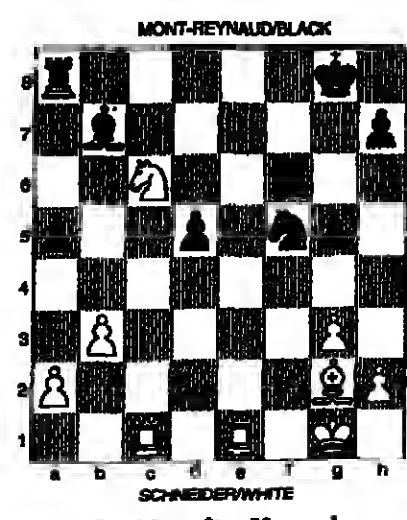
His inspiration is from pop culture, skateboard graphics and fashion, among other sources that have not traditionally informed pottery. His 1970s-style vases with mustard and avocado tones with rich glazes grew out of trips to flea markets.

that point, he did what many young people have done when other dreams fail: He went into the film business.

CHESS

By Robert Byrne

IN a close-fought struggle in the final round of the United States Cadet Championships, Dmitry Schneider, the eventual co-winner, defeated Jordy Mont-Reynaud, 14.



slow-paced maneuvering that follows from that. After 8 f4, Mont-Reynaud could have transposed into a Classical Dragon with 8...d6, but he wanted to take his chances with the sharp 8...d5. After 9 e5, however, he shrank from 9...Ne4, presumably because 10 Ne4 d6 11 Nc6 b6 12 Qd8 Rd8 13 Bc4 Rb8 14 b3 g5 15 g3 favors White.

After 21...Rc4? 22 Nd3 Ne3 23 Rf1 Ne5 24 b3! Rb4 25 Ne5!, he could not play 25...Bh7? because 26 g3 Rh6 27 Ng4 Rh3 28 Kg2 Rh5 29 Nf6 wins decisive material.

He has developed a line for Pottery Barn — the first collection bearing a potter's name that the chain has stocked.

been used by many fashion houses in recent years: product lines at every price, for every sort of customer.

Such personal references do not exclude fashion designers from connecting to his work. "I am in a major gripph phase in my collection," said Cynthia Rowley, referring to Adler's early striped pieces, which are still a staple of his collection.

Tech Firms Set to Team Up On 'Global' Phone Chip

By John Markoff
New York Times Service

SANTA CLARA, California — The world's two largest digital cellular phone companies and a Japanese microelectronics giant were to announce on Monday separate deals with a three-year-old Silicon Valley start-up to produce global-positioning system chips inexpensive enough to be installed in cellular telephones.

Nokia Oy of Finland was to announce a \$3 million investment in the start-up, Sirf Technology Inc., while both L.M. Ericsson AB of Sweden and Hitachi Ltd. of Japan were to announce partnerships to develop global-positioning systems, or GPS, for consumer products.

GPS devices use signals from satellites to pinpoint a location anywhere on the globe. The technology was developed by the Pentagon and first made its way into civilian use in specialized navigation systems for ships and airplanes.

The new backing for Sirf, a little-known company, is the strongest signal to date that GPS technology will increasingly become part of everyday life.

Start-ups like Sirf are being joined by established contenders like Trimble Navigation in rapidly adapting global-positioning technology for a wide range of consumer electronics gadgets as well as for virtually any movable object, whether automobiles or luggage.

"We will put this technology in our products beginning as early as the year 2000," said Daryl Toor, an Ericsson executive. "Our vision is that increasingly, a small portable phone will be your gateway to the world."

The convergence of portable wireless electronic devices and the World Wide Web may soon make it conceivable for consumers to type questions like "Where is the nearest pizza parlor?" into hand-held devices and receive an answer in text or even from a robotic voice.

By licensing its technology to consumer electronics companies and chip-makers, Sirf is hoping it will be able to transform the GPS industry, which until now has been built around different proprietary systems for every company.

"Bringing in Ericsson and Nokia is a huge coup for Sirf," said Dale Ford, an industry analyst with Dataquest of San Jose, California, a market research firm. "Licensing technology to semiconductor companies could become a very large business."

Sirf has been developing GPS technology on smaller and smaller chips, and at the same time has been lowering the price to the point where this technology can now be an economical component in most consumer electronics products.

The company's founder, Kanwar Chadha, a former Silicon Valley executive at Intel Corp. and at 3Com Corp., describes an array of applications for GPS technologies that go far beyond currently available navigational devices used by sailors, pilots and hikers.

For example, when GPS receiver prices fall below \$10, probably some time early in the next century, it will be possible to use them as security devices. Anything from a car to a computer would know its location and could be programmed to automatically shut itself off if it was moved illegally.

"Nobody had been looking at the really exciting GPS applications," Sirf's founder said.

By re-engineering GPS receivers based on microprocessors and digital signal processors, the chips that enable sound in computers and cellular phones, Sirf executives say, the company has realized major performance improvements in the technology.

Industry analysts who have seen Sirf's prototypes said they were more sensitive than existing products, permitting them to function at an acceptable level in the urban canyons that have traditionally blocked GPS signals.

Sirf engineers recently demonstrated a prototype device that was able to begin reporting location information almost instantly and could continue to communicate with orbiting satellites from the basement of a one-story parking garage.

MEDIA MARKETS

Chief's Pay May Be All That Glitters

Golden Books' Woes
Mount in Costly Reign

By Geraldine Fabrikant
and Doreen Carvajal
New York Times Service

NEW YORK — Few would call Dick Snyder a bumble — except, perhaps, the man himself.

This is the same Richard Snyder who, before his unceremonious ouster in 1994, long held sway over Simon & Schuster, where he was noted not only for publishing prestigious authors like Bob Woodward and Mary Higgins Clark but also for reigning with a certain imperiousness. The last two years, however, have found Mr. Snyder struggling to make a career comeback in a part of the book world better known for Kmart racks and \$1.99 classics like "The Poky Little Puppy" and "The Saggy Baggy Elephant."

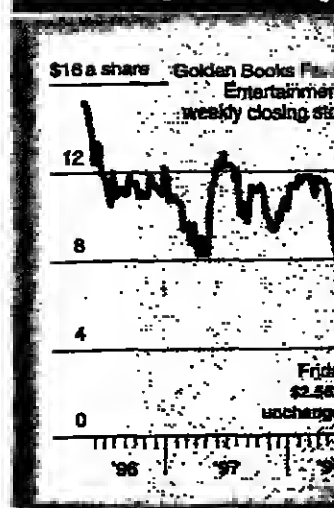
"I have a great sense of humility," Mr. Snyder, 65, said of his efforts to turn around Golden Books Family Entertainment Inc., the largest publisher of children's books in the United States.

Despite the strong brand identity of its little volumes with their signature gold-foil spines, an integral part of American childhood since the 1940s, Golden Books has also been hampered for years by distribution and sales problems. And the company's already lowly financial state has only further deteriorated since an investor group led by Mr. Snyder acquired Golden Books in 1996.

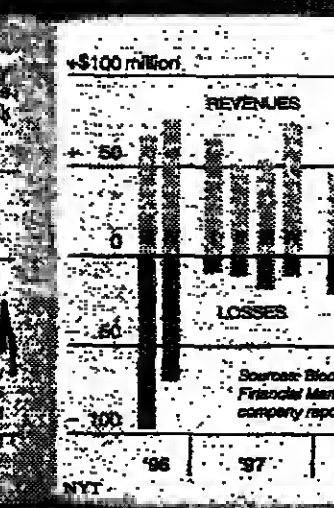
"It was far more difficult than my experience had led me to believe," he said last week. "But some things take a little longer to straighten out."

But newfound humility, or even a company with an increasingly negative net worth and a stock price that has plummeted about 80 percent since he became chairman and chief executive, has not prevented Mr. Snyder from negotiating a rich compensation

Losing Its Way



REVENUES



Richard Snyder in a 1991 photograph, when he still headed a vast publishing empire at Simon & Schuster.

package — one that makes him one of the most highly paid executives in the book world, with perks that include a chauffeur. Only the chiefs of two far larger — and profitable — book companies, Barnes & Noble and McGraw-Hill, are better paid than Mr. Snyder, according to a 1997 survey by Publisher's Weekly, the trade magazine.

Nor did the financial pressure to reduce the company's payroll to 1,000 from 1,600 deter Mr. Snyder from bringing in highly paid executives with scant experience in the company's business. Moreover, in the face of layoffs, it initiated some employees that he hired a corporate chef when the company moved to its commodious headquarters on Seventh Avenue in Manhattan, after its lease on Third Avenue expired last fall.

Although Mr. Snyder dismissed the chef in January while imposing a partial salary freeze, the episode left a bad taste in many mouths.

Other flourishes that have rankled some employees include Mr. Snyder's hiring of his wife, Laura York, as an editor at large and using the corporate jet for vacations — even if, as Mr. Snyder hastens to point out, his wife was a seasoned Simon & Schuster editor and he reimburses the company for any personal travel.

It is almost as if Mr. Snyder, whatever the circumstances of the book company, is intent on recreating the prestige of mighty Simon & Schuster, which he had built into an industry

power before Viacom Inc. pushed him out after acquiring it in 1994.

Mr. Snyder's management of Golden Books "is the 20th-century version of an Emperor Nero act — fiddling while Rome burns," said Graef Crystal, who publishes a newsletter on executive compensation. "He came to a little tiny company and brought an imperial style that is not appropriate for the circumstances."

Only the chiefs of two far larger, and profitable, book companies are paid more.

The circumstances grew gloomier recently when Golden Books reported a second-quarter loss that brought total losses for the first six months of the year to \$51.2 million — more than double the deficit in the first half of 1997.

Golden Books has been using cash at the rate of about \$20 million a quarter and has only \$16 million left on its balance sheet, with the ability to tap \$35 million more from lenders.

The continuing losses, meanwhile, have wiped out shareholder equity, which has dropped to a negative net worth of \$112.7 million — meaning that the value of Golden Books' assets might be insufficient to cover obligations to creditors if the company were

to go out of business. So unhappy are investors that Golden Books has hired the investment bank Allen & Co. to explore a possible sale or merger.

How different the prospects seemed in May 1996 when Mr. Snyder — in a partnership with Warburg Pincus Ventures LP and the media mogul Barry Diller — paid \$65 million to acquire the 37 percent controlling stake of Golden Books from its former chairman, Richard Bernstein.

Mr. Snyder came to Golden Books with ambitious plans to make over the "handyman's fixer-upper," as he described it, in part by giving it the gloss and glamour of a trade publisher — the kind, like Simon & Schuster, that sells higher-quality books at steeper prices than mass-market publishers like Golden Books can command at Kmart or Toys 'R' Us.

Interviewed in his starkly modern office with its panoramic views of Central Park, Mr. Snyder said last week that when he arrived at Golden Books he did not realize the depth of its problems. Relations were tense with crucial discount store chains because the company's distribution and tracking systems had grown so antiquated that it could successfully fill orders only about half the time.

Moreover, he conceded, he was not schooled in the high-volume, low-margin world of mass-market children's

books. "I believe we have a great potential to conquer Western markets because we use the high quality, reliability and low price we make for the Russian market for the Western market," Mr. Snyder said.

Customer names and orders are, he says, "a commercial secret." Whether Golden Books' army might be buying the 5.56mm Kalashnikovs is "a state secret." Profit, revenue and even the cost of a new NATO-standard Kalashnikov fall somewhere between.

Mr. Snyder faces a tough sell. "They are following a marketing trend," said Terry Gander, editor of Jane's Infantry Weapons. "The Poles have Kalashnikovs in 5.56, and the Czechs have brought out their own rifle in 5.56. Even the Romanians are planning one."

See BULGARIA, Page 13.

Storms Add To Decline In Korea's Economy

By Don Kirk
International Herald Tribune

SEOUL — South Korea's crippled economy is likely to decline by 6 percent this year rather than the target figure of a drop of 4.6 percent set by the International Monetary Fund and the Bank of Korea, economic analysts said Monday.

Researchers at the Bank of Korea said they expected the new economic dip because of the impact of one of the worst storms of the century, as well as delays in restructuring major industries. The forecast, somewhat bleaker than expected, was an estimate and not an official prediction of the central bank.

"The agricultural harvest will deteriorate," said Yu Byung Ha, chief of forecasting at the Bank of Korea, as torrential rains again pummeled much of the country on Monday. "That is just one example adding minus growth to the forecast."

Jason Yu of Indosuez W.I. Carr Securities estimated immediate damage from the week of flooding at nearly \$1 billion. He also predicted that growth would fall 1 or 2 percentage points because of the losses from the rains.

More than 200 people are reported dead or missing in the storms, which have flooded more than 40,000 hectares (98,800 acres) of farmland.

Confidence was also shaken Monday by the failure of Hyundai Motor Co., Korea's largest motor vehicle manufacturer, to resume production. Several thousand policemen guarded the sprawling Hyundai Motor compound in the industrial city of Ulsan on the southeastern coast while about 2,000 workers and members of their families camped in tents inside the main gate.

Leaders of the company union have been protesting plans to lay off several thousand workers Hyundai said were no longer needed. Union officials stuck Monday to their demand that the company shorten workweeks or even cut salaries rather than lay off workers. There was no indication when production would resume.

Bulgaria's Arms Makers Take Aim at Privatization

By Peter S. Green
International Herald Tribune

KAZANLAK, Bulgaria — For 34 years, the Soviet-designed AK-47 Kalashnikov rifle was the basis of the fortune of the state-owned Arsenal arms and machinery works sprawled around this dreary city in Bulgaria's Valley of the Roses.

The Kalashnikov is easy to use, easy to clean and highly reliable. It is also cheap to produce. Arsenal's Kalashnikov was regarded as one of the East bloc's finest, and over 1 million of the submachine guns found their way from here to the armies and armed gangs of the world.

On Monday, Bulgaria's ambitious program to spur lagging economic reforms placed Arsenal in a group of five leading arms companies that are to be privatized by the Bulgarian Russian Investment Bank. Some 22 arms companies will be privatized in the next 18 months, as Bulgaria accelerates its transition toward a full market economy and tightens its links to the European Union and NATO.

But there are problems facing the sale of the guns and the factory, and they are the same ones bedeviling the rest of Bulgaria's economic reform and privatization programs: Someone else got there first, and they do it better.

In Arsenal's case, its 10,400 workers in 200 separate production halls make everything from complex computer-guided machine tools to bullets, bunting

rifles, anti-aircraft guns and tank cannon. Managing Director Nikolay Ibrushev is placing his hopes, however, on the old Kalashnikov. An associate proudly shows a visitor three newly minted Kalashnikovs, re-engineered to fire NATO's higher-powered, smaller-bore 5.56mm ammunition, instead of the old Russian-designed 7.62mm bullets.

NATO wants its potential new partners — Bulgaria is a NATO associate in the Partnership for Peace program — to move their tactics and eventually their weapons to NATO standards, and former Warsaw Pact members are straining their budgets to meet NATO's expectations.

"I believe we have a great potential to conquer Western markets because we use the high quality, reliability and low price we make for the Russian market for the Western market," Mr. Ibrushev said.

Customer names and orders are, he says, "a commercial secret." Whether Bulgaria's army might be buying the 5.56mm Kalashnikovs is "a state secret." Profit, revenue and even the cost of a new NATO-standard Kalashnikov fall somewhere between.

Mr. Ibrushev faces a tough sell. "They are following a marketing trend," said Terry Gander, editor of Jane's Infantry Weapons. "The Poles have Kalashnikovs in 5.56, and the Czechs have brought out their own rifle in 5.56. Even the Romanians are planning one."

See BULGARIA, Page 13

CURRENCY & INTEREST RATES

Aug. 10									
Cross Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	SGD
American	1.000	0.756	0.693	110.36	0.676	0.491	7.79	24.63	0.706
British	1.443	1.000	0.833	157.56	0.812	0.594	10.54	32.06	0.978
French	1.666	1.333	1.000	166.37	0.936	0.693	11.93	36.36	1.103
German	1.936	1.548	1.250	193.64	1.074	0.794	13.76	41.93	1.266
Italian	2.036	1.629	1.333	203.71	1.114	0.833	14.54	44.36	1.333
Japanese	110.36	89.11	80.81	1.000	0.746	0.549	8.07	24.63	0.706
Australian	0.676	0.541	0.491	157.56	1.000	0.726	10.54	32.06	0.978
New Zealand	0.491	0.396	0.357	110.36	0.726	1.000	10.54	32.06	0.978
Hong Kong	7.79	6.25	5.56	8.07	6.46	5.77	1.000	24.63	0.706
Taiwan	24.63	19.76	17.64	24.63	19.76	17.64	24.63	1.000	0.706
Singapore	0.706	0.561	0.500	89.11	0.693	0.500	8.07	24.63	1.000
Aug. 11									
Libor-Libor Rates									
	1-month	3-month	6-month	9-month	12-month	18-month	24-month	36-month	48-month
USD	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
EUR	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
GBP	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
JPY	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
AUD	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
NZD	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
HKD	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
TWD	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
SGD	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Key Money Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	SGD
1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
9-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
12-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
18-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
24-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
36-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
48-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Other Dollar Values									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	SGD
American	1.000	0.756	0.693	110.36	0.676	0.491	7.79	24.63	0.706
British	1.443	1.000	0.833	157.56	0.812	0.594	10.54	32.06	0.978
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Singapore	0.706	0.561	0.500	89.11	0.693	0.500	8.07	24.63	1.000
Forward Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	SGD
1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
9-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
12-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
18-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
24-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
36-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
48-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

HOW TO BUILD

You were motivated by vision and entrepreneurial spirit when you built your boat. You knew, however, the importance of having experienced, skilled professionals at your side. They provided innovative solutions every step of the way to assure your project's success. When you're navigating the world's financial markets, you'll benefit from the same close personal relationships built on dialogue at Crédit Lyonnais Private Banking. We listen well to our clients' investment priorities before we respond with precise answers based on over 120 years of know-how. You can count on this total commitment to make sure you get where you want to

EUROPE

Unnerved by Asia, Russia Market Dips

MOSCOW — Russian stocks fell on Monday, with the benchmark index down more than 5 percent, as sliding Southeast Asian markets raised concern that investors might avoid other emerging markets like Russia. Stocks fell amid concern that China might devalue its currency, the yuan, and spark a wave of currency devaluations in emerging markets worldwide as China's exports became cheaper.

The benchmark Russian Trading System index fell 5.16 percent to 126.01, the lowest level since May 23, 1996.

Investors are waiting to see if Russia fulfills promises to increase revenue by more than 100 billion (\$16 billion) rubles this year, a pledge it took to meet terms for \$22.6 billion in International Monetary Fund-led loans.

The IMF approved an initial \$4.8 billion loan in July and is scheduled to consider releasing about \$4.3 billion in September. Russia's financing options narrowed Wednesday as soaring costs of borrowing forced it to cancel a debt auction for a third week, leaving it little choice but to rely on central bank reserves and state-owned Sberbank to meet its obligations.

Russia's Eurobond due in 2001 sank for a sixth day, with its yield

jumping 350 basis points to a record 23.64 percent. Domestic debt yields also climbed, with the 10-month bill yield gaining 4.48 percentage points to 9.9 percent.

The Russian government had planned to offer as much as 6 billion rubles in bonds at its auction Wednesday as it tried to cover 5.3 billion rubles in debt maturing this week.

"It really is up to the central bank and Sberbank, which is effectively controlled by the government, to take that burden and roll over the debt," said Caren Gaboukhian, an economist at ING Barings in London.

"Foreigners will withdraw from the market and dump bonds and domestic banks have financing problems."

The IMF called on Russia to narrow the budget deficit to 2.8 percent of gross domestic product next year from 5.6 percent this year.

Tax-increasing measures are expected to boost 1999 budget revenue to 13 percent of GDP, from 10.7 percent this year.

While the government has begun cracking down on tax delinquents, including the nation's largest petroleum companies, and has approved new tax-raising measures, some investors fear revenue will not increase fast enough to ease Russia's debt-payment crisis.

British Airways Earnings Drop 34%

Compiled by Our Staff From Dispatches

LONDON — British Airways PLC's profit in the fiscal first quarter dropped 34 percent from a year earlier, when results were lifted by a gain from the sale of shares in US Airways Group, a former partner.

Excluding that gain, British Airways said Monday that its profit rose 39 percent despite the effects of the Asian economic crisis and the strong pound.

British Airways recorded pretax profit of £145 million (\$236.3 million) for the three months ended June 30. The company earned £220 million in the corresponding period a year earlier, including a gain of £129 million from the US Airways share sale.

Revenue rose 3 percent to £2.29 billion.

But the company's shares fell on

worries about unfilled seats, dropping 34 pence, to 557 pence.

Passenger loads averaged 70.9 percent — down 2.1 percentage points from a year earlier — as the strength of the pound made tickets more expensive for foreign travelers.

British Airways' chief executive, Bob Ayling, said the performance was strong amid the severe economic troubles in Asia and given the high value of the pound, which has hurt profits at most British multinational companies.

Mr. Ayling said the company had already acted to cut capacity in sluggish Asian markets, switching to areas where demand remained robust, such as North and South America.

British Airways said it got a break on its fuel bill, as oil prices hit their lowest levels in a decade.

Mr. Ayling hinted that the carrier was likely to buy more Boeing 777 jetliners, moving away from the larger 747 jumbo jets, as recession in

Asia crimps industry growth.

"We are looking at our general pattern of investments and we want to buy the right aircraft for the future," Mr. Ayling said. "As markets de-regulate, the 777 is an increasingly attractive aircraft."

He would not comment directly on a report in The Sunday Times of London that said British Airways was poised to buy as many as 34 777s, for a total of £2 billion. It is also weighing offers from Airbus Industrie and Boeing for an order of as many as 100 short-haul jets.

British Airways also took drastic action over the weekend to revive flagging sales in the British market, introducing a "summer sale" to lure vacationers. The sale offered more than 2 million seats to places like Paris for £69 and Cape Town for £299.

"We had 70,000 calls over the weekend," Mr. Ayling told BBC Radio. (Bloomberg/Reuters)

U.K. Gas Company Readies Restructuring

Reuters

LONDON — BOC Group PLC will unveil a major restructuring plan Tuesday, which industry sources said would include the loss of thousands of jobs at the maker of industrial gases.

The company, whose businesses and customers have been savaged by the strong pound and financial meltdown in Asia, is expected to cut between 3,000 and 4,000 jobs worldwide, including about 1,000 in Britain, the British press and sources close to BOC reported Monday.

BOC's brokers, BT Alex Brown, said Monday they expected the company to take a charge of around £130 million (\$212.2 million) to cover the restructuring.

The broker also confirmed reports that it was forecasting cost savings of between \$50 million and £60 million over the next three years from the restructuring.

BOC warned the market in May that its businesses needed a thorough global sales and cost review after the company announced a 17 percent drop in half-year pretax profit.

"If we do all of that, we will deliver a company with the chance to grow sales better off a lower cost base," Chief Executive Danny Rosenkrantz said of the restructuring

at the time.

BOC is the biggest gases company in the Asia-Pacific region. The company's vacuum divisions, which supply equipment for the semiconductor industry, have suffered the worst of the fallout from the strong pound and the Asian crisis.

These units "will definitely feel the pinch" in the restructuring, the spokesman for BOC's main union, the Amalgamated Engineering and Electrical Union, said.

Reports that BOC would shed

about 10 percent of its 38,000-strong work force follows a similar distress signal from Rover Group Ltd. The carmaker, which is owned by Bayerische Motoren Werke AG of Germany, said last month that it would be forced to cut 1,500 jobs in Britain. Rover also blamed the strong pound for its woes.

BOC shares rose nearly 1 percent in early trading but at the close were down 14 pence at 740.

2 German Benetton Wholesalers Fined

Agence France-Press

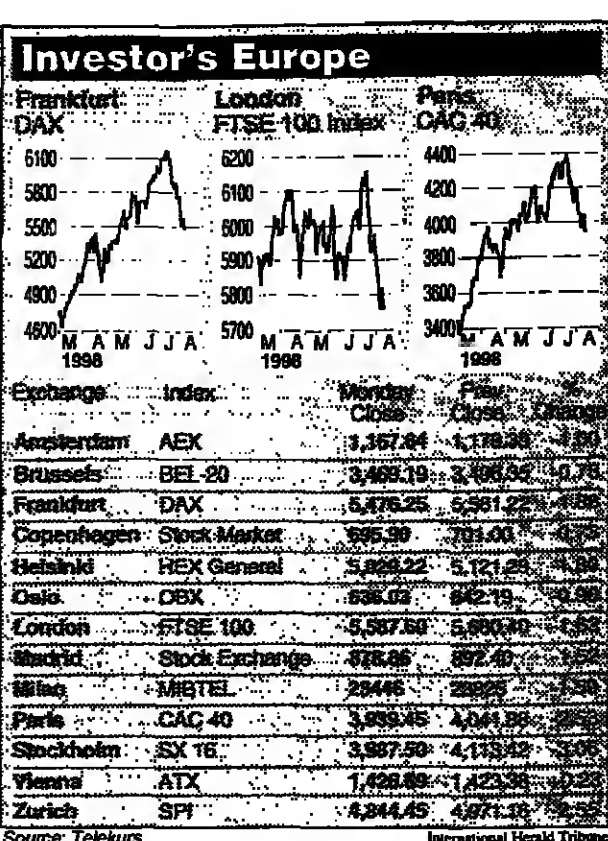
BERLIN — Two of the seven German wholesalers for Benetton Group SpA, an Italian clothes maker, were fined a total 140,000 Deutsche marks (\$78,975) for telling retailers what prices to charge for Benetton clothing and accessories, the Federal Cartel Office said Monday.

The two wholesalers, in Düsseldorf and in Stuttgart, laid down "binding price guidelines" to some 400 independent retailers in Germany between 1993 and 1996, the German competition watch-

dog said. Under German law, manufacturers or importers are not allowed to decide what prices retailers can charge but can only advise retailers on prices. Books are an exception to this rule.

The cartel office is investigating whether Benetton itself might have been involved in the price-fixing, said Markus Lange, a cartel office spokesman.

In addition, the head of the Stuttgart wholesaler was found to have put pressure on two retailers to charge the recommended prices in 1993, the cartel office said.



Very briefly:

• Mayflower Corp. PLC, the British maker of car and commercial vehicle bodies, launched a hostile bid worth £255 million (\$415.5 million) for the bus and fire engine firm Dennis Group PLC.

• Danone SA, Europe's third-largest food company, will form a joint venture with VIAG AG's Gerresheimer Glas AG unit to bolster Danone's position as Europe's No. 2 glass container maker. Danone will own a majority of the joint venture.

• Inchcape PLC, the British firm that is restructuring itself into a car distribution company, has agreed in principle to sell its Russian bottling business to Coca-Cola Co. for \$187 million in cash.

• Orange PLC, a British mobile telephone operator, said it posted a pretax loss of £49.1 million in the first half, narrowed from a loss of £73.5 million a year ago, and reported it had increased its customer base to more than 1.5 million.

• Air France is considering bidding for AOM, France's second-largest carrier, as Europe's third-largest airline attempts to ward off foreign competition from moving in on its home turf.

• Lufthansa, the German airline, said that the Amadeus ticket reservation system it owns with Air France, Iberia and Continental Airlines will be listed on the Madrid stock exchange some time this year.

• The Personal Investment Authority, Britain's financial services watchdog, said it would examine new allegations of misleading pension-selling practices by Britain's biggest life insurer Prudential Corp. PLC.

• Spain's registered unemployment rate fell to 11 percent in July from 11.51 percent in June, as robust growth and summer tourism spurred job creation.

German Inflation Rate at 7-Year Low

Agence France-Press

WIESBADEN, Germany — Consumer prices in Germany continued to slow in July, with the rate of inflation reaching the lowest level in seven years, the Federal Statistics Office said on Monday.

The German cost-of-living index rose by 0.3 percent in July from June and was 0.9 percent higher than it was in July 1997, the Federal Statistics Office said.

The data represent a slowdown from June when Germany's cost-of-living index had risen by 1.2 percent from the previous year.

The annual rate in July is the lowest annual rate since 1991.

est it has been in the whole of Germany since 1991, the office said.

In the western part of the country, the consumer price index rose by 0.3 percent in July from June and was up 0.9 percent from a year earlier. Provisional figures published at the end of June had shown rises of 0.2 percent and 0.9 percent respectively.

That is the lowest annual rate of inflation in Western Germany since 1988.

In Eastern Germany, consumer prices slipped by 0.1 percent in July from June but were up 1.0 percent in July from a year earlier. It is the lowest annual rate since 1991.

WORLD STOCK MARKETS

Monday, Aug. 10

Dollars in local currencies

Tel Aviv

Amsterdam

Athens

Bangkok

Buenos Aires

Brussels

Copenhagen

Frankfurt

Hong Kong

Helsinki

Jakarta

Kuala Lumpur

London

Madrid

Manila

Mexico

Milan

Montreal

Moscow

Oslo

Paris

Prague

Rangoon

Sao Paulo

Seoul

Shanghai

Singapore

Stockholm

Sydney

Taipei

Tel Aviv

Toronto

Tientsin

Tokyo

Vienna

Wellington

Zurich

Buenos Aires

Copenhagen

Frankfurt

Hong Kong

Helsinki

Jakarta

Kuala Lumpur

London

Madrid

Manila

Mexico

Milan

Montreal

Moscow

Oslo

Paris

Prague

Rangoon

Sao Paulo

Seoul

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The 2,600 most traded stocks of the day.
 Nationwide prices not reflecting late trades elsewhere.
 The Associated Press

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ASIA/PACIFIC

Indonesia To Give Up Control of Some Firms

Bloomberg News

JAKARTA — Indonesia will give up majority control of some companies, such as PT Semen Gresik, in order to fetch the highest possible price in its sale of state assets, an official at the State Enterprises Ministry said Monday.

"If we sold only 49 percent of a company and the management is still run by the government, foreign investors aren't going to trust it," said Sofyan Djailil, a spokesman for State Enterprises Minister Tanri Abeng. "If we insist on selling 49 percent or less, perhaps investors will pay only \$1 a share. But by just giving up 2 percent more we can get them to pay something like \$2 a share."

The sale of more than half of Gresik, a cement company that has already been partially privatized, will mark the first time the government has given up control of a state asset, a move that Mr. Sofyan acknowledged has sparked opposition.

In recent weeks, employees at some of Gresik's plants have protested the move amid fears of job losses when a foreign company moves in. Two units, PT Semen Padang and PT Semen Tomasa, have rejected the government's choice of Cemex SA of Mexico as a possible buyer.

Cemex has offered \$418.2 million for 51 percent of Gresik, and the government has said the bid is satisfactory. Cemex intends to buy 35 percent of the shares from the government, and the remainder from minority shareholders. Other companies have until Aug. 19 to top Cemex's bid.

The International Monetary Fund has made privatizations one of the conditions of the \$49 billion international aid package for Indonesia, and the government hopes sales of stakes in 12 government companies will raise \$2.5 billion in coming years.

Gresik's shares fell 250 rupiah to 10,225 (79 cents) Monday. Separately, Indonesia said it had delayed a plan to sell more shares in PT Telkom and PT Indosat because of the weak stock market.

"They've only been withdrawn from the queue," the state enterprises minister's spokesman said. "We'll sell them eventually," after the market improves.

In dollar terms, the benchmark Jakarta composite index has lost 56 percent of its value this year.



CHINA PROTEST — Two women being questioned by the police outside Communist Party headquarters in Beijing during a demonstration Monday by dozens of investors charging that a military-affiliated futures firm defrauded them of up to 1 billion yuan (\$120 million).

BOOKS: Paycheck May Be All That Glitters at Publisher

Continued from Page 9

publishing, a business that views books not as literary properties but as low-margin consumer products. Upstart rivals like Landoll's Inc. were gaining market share by keeping prices so low that Golden Books could not raise its own.

"I had to learn a totally new craft, and I think many of us did," Mr. Snyder said. "I think that caused the turnaround to be delayed."

But Mr. Snyder said he thought then, and still does, that the brand awareness of Golden Books set it apart from the competition.

In initial efforts to revive the company, Mr. Snyder spent aggressively. His competitors were stunned, for example, when he paid \$47.5 million last year for a new five-year license with Walt Disney Co., on whose characters and films Golden Books has been basing books since 1932. Not only was the price more than any company had previously paid for a licensing deal, but it came as the popularity of Disney children's films like "Pocahontas" was falling short of previous hits.

But Mr. Snyder defended the arrangement for bringing in top executives at salaries two to three times the average in the children's-book

industry, which he said was necessary to attract talented employees from more stable companies—even if they had no experience in Golden Books' end of the market. From Simon & Schuster, for example, he hired Willa Perlman, head of the children's division, to become his children's publisher at a salary that grew to \$400,000, plus bonus and options.

He also hired Robert Asahina, a Simon & Schuster editor, to head a new adult imprint that specializes in family and motherhood topics. Mr. Asahina was given a base salary of \$200,000 and the potential for an unusually high annual bonus of 200 percent of his salary.

So far, though, the adult imprint has stumbled. In one case, the author Judith Resnick was paid \$750,000 for a financial advice book for women titled "I've Been Rich and I've Been Poor and Rich is Better." But because of distribution delays, the book was not yet in the stores when Ms. Resnick went on tour, and Mr. Snyder now describes the entire deal as "a mistake."

But none of Mr. Snyder's problems discouraged the Golden Books board, which voted last September—with the company's stock already down 21 percent since his arrival and heading further south—to double his salary, to \$937,885.

Among other provisions in the pay raise, he also got a \$500,000 signing bonus for agreeing to ex-

tend a five-year contract to seven years. This, on top of an earlier guarantee of a pension of \$250,000 a year, payable even if he was dismissed. And Mr. Snyder had also received a generous stock option plan upon joining the company.

H. Brian Thompson, vice chairman of Qwest Communications International, who is a member of the Golden Books compensation committee, defended the pay package by saying Mr. Snyder had "performed stunningly to take a difficult situation and get things under way."

Explaining Mr. Snyder's pay package in the proxy statement, the compensation panel said he had "recruited an outstanding new senior management team." But, in effect, Mr. Snyder has been rewarded for revamping a management structure that he had fashioned.

Since last year, more than 30 executives and managers have been laid off or left the company—many of them people Mr. Snyder had hired, including Ms. Perlman. They have been replaced by a new crop of executives with a very different view of its segment of the book business.

Mr. Snyder says his company's losses are not a reflection of high salaries or overhead costs. "The lack of the success of this company is due strictly to the lack of sales," he said, predicting that they would begin to improve in the second half of the year.

Yen's Slump Makes It Even More Popular Than Before

Bloomberg News

LONDON — The yen's slump to an eight-year low in recent weeks is making the Japanese currency more popular than ever with traders, as Japan's economic and political gyrations make for high-stakes trading. As a result, trading in dollar-yen is catching up with dollar-Deutsche mark, typically the world's hottest currency pair in the \$1.5 trillion-a-day currency market.

The international currency brokerage company EBS, whose trading system is used by about 750 banks, said more than \$40 billion was traded in dollar-yen in June, almost double the \$22.5 billion traded in May. Dollar-mark trading was little changed at \$42.2 billion in June.

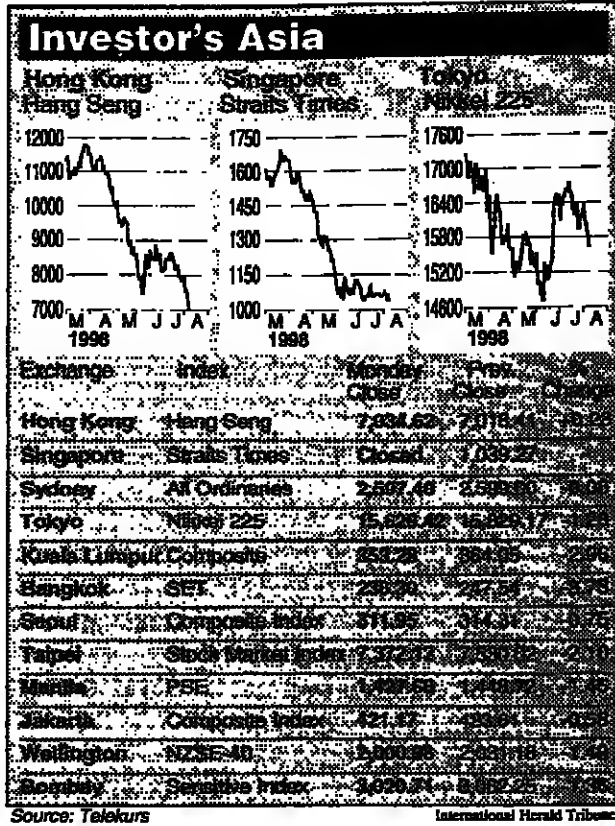
"Our clients are jumping onto this roller coaster in dollar-yen," said Roger Hynes, the marketing manager at the currency trading company Currency Management Corp. "They think there must be some mileage in it for them—some prospect of making money."

Dollar-yen sales at the company, whose clients are mainly retired traders or traders betting their own money, have risen 40 percent since May and now exceed dollar-mark sales, Mr. Hynes said.

The world's biggest banks are also profiting from the rising enthusiasm for dollar-yen. Citicorp said last month currency trading revenue rose 50 percent in the second quarter, and first-half earnings reports from Deutsche Bank AG and National Westminster PLC showed their trading profits soared by nearly as much.

Japan's economic collapse has hammered the yen. The dollar rose to 146.30 Monday afternoon in New York, edging close to the eight-year high of 146.78 yen that it reached June 16.

Prime Minister Ryutaro Hashimoto's failure to lead the economy out of recession prompted his resignation last month, after his ruling Liberal Democratic Party took a beating in an election. The party officials who have replaced his son, however, have not come up with any new ideas to revive growth. And Moody's Investors Service Inc. is threatening to cut Japan's Aaa credit rating as Japanese banks struggle to cope with an estimated \$1 trillion in bad loans.



Very briefly:

- Mita Industrial Co., a maker of photocopiers, fax machines and laser printers, filed for protection under Japan's bankruptcy law with approximately 200 billion yen (\$1.38 billion) in debt.
- Taiwan's overseas shipments tumbled 16.3 percent, to \$8.96 billion, in July from a year earlier, as Asian sales slid and regional competitors used weaker currencies to undercut the country's exporters. From June, exports fell 1.9 percent, unadjusted for seasonal variations.
- Telekom Malaysia Bhd.'s first-half profit fell 17 percent, to 736.9 million ringgit (\$176.5 million), from a year earlier, worse than expected, as borrowing costs surged because of the decline in the ringgit. Sales rose 18 percent, to 4.03 billion ringgit.
- Mercedes-Benz Group Indonesia has asked for a capital injection of \$15 million to \$30 million from its German parent company to keep operating amid the country's economic slump, the daily Bisnis Indonesia reported.
- Hong Kong's office vacancy rates are at their highest levels since the early 1980s and could hit a record high in the next 18 months, the South China Morning Post reported. Analysts expect vacancy rates to reach 20 percent by the end of 1999, just short of the 20.6 percent hit in the 1980s, as more properties come on to the market amid slumping demand.
- Vietnam is expected to award a deal worth \$207 million to Cable & Wireless PLC of Britain this week, sources close to the deal said. A license allowing Cable & Wireless to install 250,000 telephone lines in Hanoi had been approved by the government, a British Embassy source said.
- Daiwa Bank Ltd. plans to sell off 100 billion yen in bad loans to foreign securities companies by the end of September.
- AmTec Inc., a telecommunications company focused on China, and United International Holdings Inc., a provider of multichannel television and related businesses, have agreed to combine their telecommunications business in China.
- Lucent Technologies Inc. has signed a deal with United Telecommunications Corp. of China to provide \$27 million worth of equipment for a mobile telephone network in north-east China.

AFP, Bloomberg, Reuters

BULGARIA: Privatization Plan Aims at Selling Nation's Weapons Factories

Continued from Page 9

Even without the competition, there is unlikely to be much of a market for NATO-caliber Kalashnikovs, some say. Over 50 million AK-47s have been made in the past 50 years, and the greatly reduced armies of Eastern Europe are swarming in leftover hardware. Even worse, in February, Russia's Izhevsk Machine Works, the original Kalashnikov maker, won an international patent for the weapon, so Arsenal may now have to pay license fees.

Despite such obstacles for companies like Arsenal, Bulgaria has come far in reforming its overall economy. A year and a half ago, street protests forced out the former

Communists, sweeping President Petar Stoyanov's Union of Democratic Forces to power with a majority government.

Facing 479 percent inflation and an economy shrinking at 6.9 percent, Prime Minister Ivan Kostov chose stone-hearted austerity. He pegged the Bulgarian lev to the Deutsche mark, and stopped printing money. That cut inflation to 18.9 percent by June and boosted hopes of 4.5 percent economic growth this year.

Already, several industrial behemoths have been sold, some insolvent banks have been shut or sold, the stock market has been given new regulations and tax collection is up.

Privatization is moving on a three-track process: Some compa-

nies will be sold in a voucher plan linked to pension funds, some will be sold directly by the government, and a third group will be sold by outside advisers.

The moves have won no grudging support from the International Monetary Fund, which last month released a vital \$500 million to help pay Bulgaria's external debt while economic growth catches up.

The government wants to privatize 1,500 small and medium-sized enterprises by the end of 1999, and giants like the telecommunications companies and oil refineries by the end of 2001.

Last week the government said it would sell its 78.23 percent stake in the postal savings bank to American International Group Inc. and Con-

solidated Eurofinance Holdings, a Greek firm, for \$38 million, and the Rouse shipyard were sold to a Slovak boatbuilder for \$23 million.

But many other companies have lost their luster.

Krassen Stanchev, director of the Institute for Market Economics, says the government must avoid highly leveraged management buyouts funded by local banks and speed up the sales and loosen its grip on the process.

Others say there is no need to panic. "It's been fashionable to say that Bulgaria is falling back to its old ways," said a financier who did not want to be named. "People simply have to face the fact that Bulgaria is five years behind most of Central and Eastern Europe."

Sony Life to Enter Philippines

Bloomberg News

TOKYO — Sooy Life Insurance Co., a wholly owned subsidiary of Sony Corp., said Monday it would sell insurance in the Philippines, making it the first Japanese insurer to compete elsewhere in Asia.

Sony Life will establish Sony Life Insurance (Philippines) Corp. in September and begin operations in 1999, targeting wealthy clients in that country.

Sony chose the Philippines as its first market in Asia because the country has few regulations prohibiting foreign companies from entering the \$12.9 billion insurance market. "It's a chance for us to go into

a market where only 10 percent of people have life insurance," said Shigeru Nobeta, a Sony Life Insurance spokesman.

The move is another sign that cash-rich Sony is not hampered by the bad loans and falling yields that plague other life insurers, analysts said.

Many of Japan's top life insurers have watched their credit ratings plummet because of the seven-year decline in property and stock prices.

"Sony Life is the only Japanese insurer that has enough money and energy to invest overseas now," said Nobuyasu Uemura of the Japan Rating and Investment Information Inc.

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2	Infosys Technologies Ltd.	0.00	28.00	1500.00	1400.00	1450.00	1450.00
3	Wipro Technologies Ltd.	0.00	22.00	1200.00	1100.00	1150.00	1150.00
4	TCS Ltd.	0.00	30.00	1800.00	1700.00	1750.00	1750.00
5	ITC Ltd.	0.00	18.00	200.00	190.00	195.00	195.00
6	Maruti Suzuki India Ltd.	0.00	15.00	1000.00	950.00	970.00	970.00
7	Hero Cycles Ltd.	0.00	12.00	80.00	75.00	77.00	77.00
8	Hero Cycles Ltd.	0.00	12.00	80.00	75.00	77.00	77.00
9	Hero Cycles Ltd.	0.00	12.00	80.00	75.00	77.00	77.00
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NYSE**Monday's 4 P.M. Close**

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August 10, 1998

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 Dutch Guilder; **Ecu** - European Currency Unit; **F** -
 French Franc; **Ffr.** - Finnish Mark; **FL** - Dutch
 florin; **IDR** - Indonesian Rupiah; **L** - Italian lire;
Lf - Luxembourg Franc; **p** - penny; **Mk** -
 Macedonian Denar; **Nkr** - Norwegian Krone; **S** -
 Singapore Dollars; **SF** - Swiss Franc; **SEK** -
 Swedish Kronor; **TB** - Thai Baht; **V** - Viet
 Nam.
a. added + Other Prices; *M.A.* - Not Available;
N.C. - Not Communicated; *O. New* - S-
 suspended; *SG* - stock; *Ex-Dividend*; *-*
Ex-Est. - Ex Other Price Inc. plus charge;
+ Ex-Est. - Ex Other Price Inc. minus charge;
+ - included; *-* - excluded; *R* - registered;
 unregistered authority; *not reg.* - registered
 regulatory authority; *I* - Middle of bid and offered
 price; *E* - estimated price; *y* - price calculated 2
 days prior to publication; *z* - bid price.

The following symbols indicate frequency of
 quotations supplied: (S) - daily; (W) - weekly;
 (M) - monthly; (Q) - quarterly; (Y) - regularly; (I)
 - twice weekly; (N) - monthly; (P) - twice monthly.

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WORLD ROUNDUP

**Tests Find Drugs
In TVM Team Haul**

CYCLING Tests on the substances seized from the TVM team during the Tour de France have confirmed the presence of illegal drugs, a French prosecutor said Monday. French police swooped on the TVM team's vans and hotel at Pamiers on July 23, confiscating various substances. "There was caffeine found but also doping products," said Philippe Laumonde, the deputy public prosecutor in Reims. (APF)

Lithuania Coach Quits

BASKETBALL Jonas Kazlauskas resigned as coach of Lithuania's national team on Monday after the Olympic bronze medalists failed to make the final four at the world championships last week. Lithuania, which has taken bronze in the last two Olympic Games, was eliminated from the championships in Athens by Russia in the quarterfinals.

In Belgrade, police reported that some 20 people were slightly injured and several shop windows and kiosks damaged during all-night celebrations after Yugoslavia beat Russia, 64-62, Sunday to win the world championships. Tens of thousands of fans fired their guns in the air, threw firecrackers, sang and danced or even played basketball late into the night in Belgrade. Similar celebrations were reported all over the country. In Kosovo, the ethnic Albanian Kosovo Information Center reported that a 7-year-old child was injured, apparently by celebratory fire. (AP)

United Takes Aerial Route

SOCCER Manchester United of the English Premier League unveiled MUTV, its own television station on Monday. MUTV will go on the air beginning Sept. 1 on Sky, a British satellite network owned by Rupert Murdoch, for a monthly subscription of about \$5 (\$8.20). The channel will broadcast six hours, every day from 6 p.m. local time to midnight. Programming will include live youth and reserve matches, features and news — but will not include live Premier League matches. A staff of about 50 has been recruited to work on the station. (AP)

Mayfair Wins Buick Open

GOLF Billy Mayfair shot a final-round 5-under-par 67 to finish at 17-under 271 and win the Buick Open in Grand Blanc, Michigan, by two strokes. Scott Verplank shot a 64 to finish second at 273. Andrew Magee (64) was next at 274. Tiger Woods shot a 68 for 275, tied with former club pro Eric Booker (66), who got into the tournament on a sponsor's exemption. (AP)

Bronco Out to Pasture

FOOTBALL Despite a personal plea from John Elway, the Denver Broncos quarterback, at a motorcycle rally in South Dakota last week, Gary Zimmerman, an offensive lineman, said he was sticking with his retirement plan. "I'm not coming back," Zimmerman said. "I was serious this year. Nobody needs an old codger like me out there. I'd like to come back and help them out, but I just know it's not the best thing." Zimmerman, 36, said he told Broncos coach Mike Shanahan of his decision Sunday night. Zimmerman came out of retirement last season and went on to play on the winning Super Bowl team. He said he wanted to spend more time with his family. (AP)

**12-Year Wait
Finally Over
As England
Wins Series**

Compiled by Our Staff From Dispatches

LEEDS, England — England scored its first five-test series victory since 1986, bowling out South Africa to win the fifth and deciding test by 23 runs at Headingley on Monday.

South Africa, which needed to score 219 runs in its second innings to win the match, started the final day 38 runs short with two wickets remaining, but was dismissed for 195 in just 30 minutes Monday.

Darren Gough, playing on his home ground, took the last South African wicket to secure victory for England after seven overs of play. It gave Gough his best Test match figures of six wickets for 42. Angus Fraser took three for 50.

The estimated 6,000 spectators swarmed around the players to celebrate England's first home five-test series win since defeating Australia in 1985.

England came back from 0-1 down in the series after losing the second test at Lord's by 10 wickets to win the fourth and fifth tests and claim the series, 2-1.

It was the first time an England side had come from behind to take a series since David Gower's side won, 2-1, in India in 1984-85.

South Africa resumed at 185 for eight and added nine to its total in five overs before Allan Donald edged a slower ball from Fraser to the wicketkeeper and captain, Alec Stewart.

Gough ended the series when he dismissed the No. 11 South Africa batsman, Makhaya Ntini, trapping him leg before wicket.

Shaun Pollock, who had carried South Africa's hopes into the last day, was left unbeaten on 28.

It was Stewart's first series as captain since taking over from Mike Atherton at the start of the summer.

"South Africa are in the top three sides in the world and we weren't in that top three, and that made the victory all the more sweet," Stewart said. "We have shown in this series that we can compete with top sides like South Africa." He said England was now looking forward to the Ashes series in Australia this year.

The South African skipper, Hansie Cronje, said his side was on track to win the series until the fourth day at Old Trafford.

"The pendulum swung their way and took a definite win away from us," he said. "We had high hopes after winning the second Test at Lord's and did our best at Old Trafford but we didn't get the wickets. Then things started to go wrong for us."

"The Old Trafford Test was an opportunity for us to go 2-0 in front," he added, "and we had another opportunity at Trent Bridge to get a big score



England's Angus Fraser taking the wicket of South Africa's Allan Donald.

and put England under pressure."

Cronje paid tribute to Donald after what will probably be the paceman's last test match in England. "Allan put in a superhuman effort. Despite being in considerable pain at times with his ankle, he just kept running in and taking wickets when we needed them."

Donald, with 33 wickets (average 19.78), was South Africa's man-of-the-series, while Atherton, with 493 runs (average 54.77), won the honors for England.

**Roma Coach Can Air
Doping Allegations**

Prosecutor Wants to Hear Views of Zeman

Compiled by Our Staff From Dispatches

An Italian prosecutor has summoned the coach of AS Roma, Zdenek Zeman, to hear his allegations that players in the top Italian soccer league use performance-enhancing drugs.

Zeman, a Czech, will meet Wednesday with the prosecutor Raffaele Guariniello in Turin, a day after questioning in Rome by officials of the Italian Olympic Committee.

Guariniello has been investigating doping in sports for several years.

"I'm at everyone's disposal for the good of soccer," Zeman was quoted

WORLD SOCCER ROUNDUP

Monday as saying in Gazzetta dello Sport, the Italian sports daily.

In interviews over the past days, Zeman said he was amazed by the quick muscular development of some players.

Zeman never mentioned doping substances openly. He always referred to medicines.

Gianluca Vialli, an Italian who is currently player-coach at Chelsea in the English Premier League, said Zeman is a "terrorist trying to destabilize the soccer world."

HONG KONG The Asian Football Confederation on Monday welcomed the life ban against a Hong Kong soccer player for conspiring to fix a World Cup qualifying match last year.

Chan Tsz-kong, pleaded guilty and was sentenced last month to one year in prison. The 26-year-old striker admitted to conspiring with teammates to give up two goals in a World Cup qualifying match between Hong Kong and Thailand last March in Bangkok. Hong Kong lost the game, 2-0.

Of a total 200,000 Hong Kong dollars (\$25,800) received from a bookmaker, radio reported that Chan kept 80,000 Hong Kong dollars and gave the rest to his co-conspirators.

YUGOSLAVIA Obilic Belgrade, the Yugoslav champion, fired his coach ahead of his European Cup second qualifying round match with Bayern Munich on Wednesday.

Dragan Okuka, who last season took Obilic to the title in its first season in the first division, was fired following the opening round of the Yugoslav league.

division during the weekend. Zeljko Raznatovic, the Obilic owner, said Okuka was fired for refusing to play a weakened side and rest key players for the game in Munich.

Three Obilic players, Nenad Grozdic, Zivojin Juskic and Kuzman Babau, were injured in the goalless draw with Mulicicinar and will miss the Bayern clash.

Obilic has appointed Miodjub Ostojic as Okuka's replacement.

"Okuka is no longer the coach because he would not accept advice to field the 'B' team," Raznatovic said.

Raznatovic, also known by his nickname "Arkan," was a Serbian paramilitary leader in the wars in Croatia and Bosnia-Herzegovina.

ARGENTINA Boca Juniors, Argentina's biggest club, began its quest for a first title in six years with a 4-2 victory away to Ferro Carril Oeste on the first weekend of the Apertura (Opening), the first of two championships played in the Argentine season.

River Plate and Velez Sarsfield, the two champions from last season, drew 1-1. Velez, reduced to 10 men when defender Raul Cardozo was sent off, equalized through Patricio Camps in the last minute after Jose Luis Chilavert, the Paraguayan World Cup goalkeeper, had made several stunning saves to prevent River increasing its lead.

BRAZIL Marcelinho Carioca, a player consistently overlooked by Brazil, took his Brazilian championship tally to six goals in four games by scoring twice as Corinthians won, 5-1, at Atletico Mineiro.

Corinthians, which narrowly escaped relegation last year, has won all four games so far. Santos moved into second place with a 3-1 victory at Victoria, where former Brazil and Valencia striker Viola scored twice.

GERMANY Clubs in the Bundesliga, Germany's top division, have already broken records for the coming season.

Over 284,000 season tickets — 31,000 more than last season's record — have been sold by the 18 clubs.

Last season the league drew more than 10 million spectators for the first time since it started in 1963. The average per match was 32,375, up from 30,267 the previous season.

(AP, Reuters, AFP)

**Chasing the No. 1 Rank,
Davenport Beats Pierce**

The Associated Press

CARLSBAD, California — Lindsay Davenport continued her quiet climb toward the No. 1 ranking in women's tennis when she routed Mary Pierce, 6-3, 6-1, in the final of the \$450,000 Toshiba Classic.

It was Davenport's second consecutive tournament victory. Combined with Pierce's three-set victory over Martina Hingis, ranked No. 1 in the world, in the semifinals on Saturday, it pushed Davenport closer to the top spot.

Davenport gained 70 points on Hingis in the rankings, but still trails the Swiss teenager by 517 points. Hingis has 5,218 points, Davenport 4,724. Jana Novotna is third with 4,615.

"I really haven't thought about it because she's been so far ahead of everybody for a number of months," said Davenport, who trailed Hingis by nearly 3,000 points earlier this year.

Davenport, 22, won the Bank of the West Classic a week earlier, beating Venus Williams in the final. Williams was suffering with a leg injury in that match, just as Pierce was Sunday.

Pierce, who suffered a strained right thigh during a practice session before the final on Sunday, was no match for

Davenport, who played a steady baseline game and won in 52 minutes.

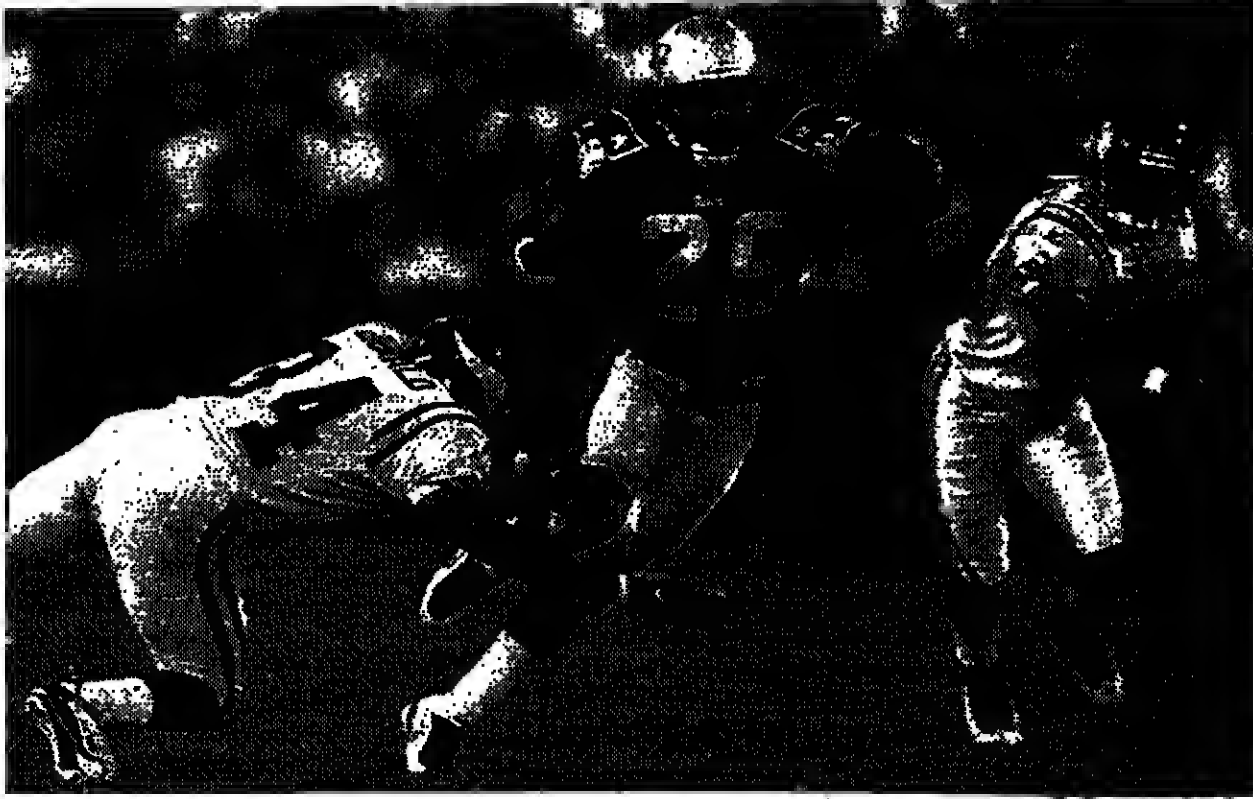
"I knew it was going to be difficult from the beginning," Pierce said. "I tried to see what I could do with it, make the best out of it."

The unseeded Pierce played with a bandage around her thigh. She started well, but with the score at 4-3 in the first set, play was stopped for 18 minutes as a light rain fell. Pierce received treatment during the break, but after the resumption of play she struggled and won only one more game.

"The first couple games I didn't think anything was wrong because she was serving well," Davenport said. "But as the match went on, you could definitely tell that some part of her leg was bothering her and she wasn't really running for balls. It's unfortunate."

To overtake Hingis, Davenport must improve on her Grand Slam showings. She is still looking for her first major title after losing in the semifinals in three of the last four Grand Slams.

Davenport, who won \$79,000 for her singles title, also teamed with Natasha Zvereva of Belarus to win the doubles title, beating Natalie Tauziat and Alexandra Fusai of France, 6-2, 6-1, in the final.



VIKING RAID — Ramos McDonald, 34, of the Minnesota Vikings, tackling Derrick Cullors, a New England punter, on Sunday. The visiting Vikings blanked the Patriots, 28-0, in an NFL preseason game.

Soft, if Imperfect, Landing for Manning

New York Times Service

SEATTLE — He has been around the game all his life, and he has heard the stories about the biting and the gouging and the blistering that can take place in the middle of the scrum.

To Peyton Manning's surprise, he was greeted more civilly than that.

"I had Sam Adams telling me his dad said to say hello," Manning recalled after his first engagement in the National Football League. The son of a former New Orleans linebacker, Sam Adams Sr., was chatting with the son of the former New Orleans quarterback Archie Manning.

"Cortez Kennedy and I have a mutual friend, and we were discussing that," Manning continued. "Better than it could have been. I'm sure that's because it was a preseason game."

He was right about that. The two grizzled Seattle defensive tackles could have threatened him with what they would do to him when they got their hands on him.

They did not need to issue any warnings. Peyton Manning knows. He watched his dad get tossed around the fields, real and ersatz, during his long and frustrating career, and now the son is also a professional, with the Indianapolis Colts. Peyton Manning made his debut Saturday night in the test-tube atmosphere of an exhibition loss, 24-21.

His first pass went for a 48-yard touchdown to Marvin Harrison, but Manning knew there would be tough times ahead, and they arrived almost immediately. He let a ball slither out of

his fingers for a fumble, he tossed an interception in traffic and he never produced another score.

Asked to grade his own performance, Manning smiled and said: "I never do that. I'm sure you guys will do that."

Not this time. This was a workout, a trial test, no grades necessary. But Manning proved he had the arm, the head and the poise of a professional quarterback, to go with the pedigree and the \$48 million contract for six years.

He carries so many labels. In college he was known for his inquisitive mind, his long hours in the film room. He then became known as the strange dude who passed up a huge contract after his junior season at the University of Tennessee.

"His senior season, all he could do was fail," said his new coach, Jim Mora, with an ironic tone. "But he handled that well. Being a rookie pro quarterback is never easy, but he'll handle that well, too."

Manning knows people will be watching him — and nobody more than the other Colts in the huddle.

"He's very poised," said Jay Leeuwenburg, one of those relatively stable, shaven-headed, 290-pound brutes that reside on every offensive line. "You need that in a quarterback."

Manning's first four plays were straight handoffs to Marshall Faulk. Then he flicked a short line drive on the

right side to Harrison, who burst past Shawn Springs, the cornerback.

"They were in a zone blitz," Manning said. "Springs was trying to be aggressive, and Marvin put a good move on him."

Fred Thomas, the Seahawk defender, said there was more to it than that. He saw Manning pick up the blitz in an instant and react with the correct pass on his fifth professional play.

"He read the defense perfectly," Thomas said.

It went downhill from there, by all accounts. Manning said he made the right read on an interception but threw the ball badly. He said the fumble was "a freak thing" — the ball just slipped out of his fingers as he went back to pass. The statistics were all right — 8 of 15, 113 yards — but Mora said the first half "was pretty ugly out there," and Manning agreed.

"I expected that," Manning said. "I know pro ball is faster, more complex, better athletes, big-time players, but I'm not in awe of it. That just makes you better."

With Peyton Manning, it is more than the top draft choice and the money. The other players know all about him. This is not to say they will not be painful moments in the middle of a scrum, but his first pro game, there was the definite sense of watching the first step in what could be called a career.

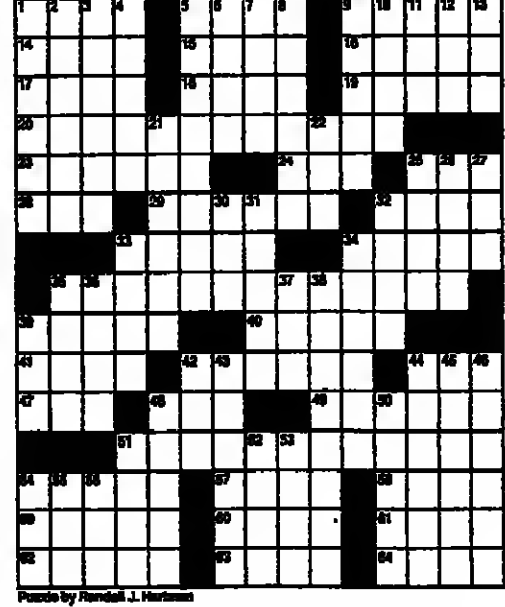
CROSSWORD

ACROSS

- 1 Droops
- 8 Hula-Hoops, lava lamps, etc.
- 9 Tooth trouble
- 14 24-karat, goldfish
- 16 Settled down
- 18 The Sorbonne, U.S.
- 17 Mediterranean airport
- 19 Punjabi peacocks
- 19 Confine
- 20 Basketball player's credo?
- 22 Free of charge
- 24 Blackhead
- 25 Pindaric work
- 26 Starchy tuber
- 28 You, right now
- 32 Alleges as fact
- 33 Watson
- 34 Sacramento's Arco
- 36 Soldier's credo?
- 37 Science fiction, for one
- 40 "Over the Rainbow" composer Harold
- 41 "Dragonwyck" author Seton
- 42 Numb, as a foot
- 43 Wane
- 47 Superman foe — Luther
- 48 Cocktail trolley?

DOWN

- 1 Like foam rubber
- 2 Display in the night sky
- 3 Kind of cracker
- 4 French lawmakers
- 5 Sands down to the minors
- 6 Actor Alde
- 7 Producer De Laurentis
- 8 Squelch
- 9 Fix, as software
- 10 Environmental sci.
- 11 "Friends" co-star Courtney
- 12 He stung like a bee
- 13 Japanese bread
- 21 Off-color
- 22 "Town"
- 23 Finished
- 24 Say it ain't so
- 27 Measozic or Paleozoic
- 30 Carol syllables
- 31 Corruptible
- 32 Elvis — Presley
- 33 Taj Mahal site
- 34 Syrian city
- 35 Hawaiian hunkier
- 36 Cameo stone
- 37 Sausage or hamlet
- 38 Grain gatherers
- 39 — Friday
- 42 Nile blar
- 43 Like a yak's coat
- 44 "Seinfeld" role
- 45 Duck hunters' shelters
- 46 Beatrix's best
- 47 Central artery
- 48 Rhymer Nash
- 49 Poverty
- 50 Intrastatal sections
- 51 Minimal high tide
- 54 "Gill the" — (ball park cry)
- 55 Mauna —
- 56 MSNBC rival



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SPORTS

Another Yankee Comeback Whips Intimidated Royals

The Associated Press
It only seems like the New York Yankees pound everyone into submission. Actually, they dismantle opponents piece by piece.

On Sunday, Bernie Williams capped a sixth-inning comeback with a game-tying sacrifice fly, then singled home the go-ahead run in the eighth.

AL ROUNDUP

As the Yankees beat Kansas City, 5-4, completing a four-game sweep.

It was the Yankees' 40th come-from-behind victory this season, their seventh when trailing by three or more runs.

"You wait for something magical to happen, and when it happens, it doesn't surprise you," said the manager, Joe Torre.

The Yankees outscored the Royals 41-9 in the series, completing a week in which New York won seven of eight.

All of the pitchers, all of them, were intimidated, said the Kansas City manager, Tony Muser. "They didn't want to throw the ball down the middle of the plate on matter what the situation."

The Yankees (84-29) are 55 games over .500 for the first time since they finished the 1961 season at 109-53 and are on pace to break the record of 116 victories set by the 1906 Chicago

Cubs. They are 42-8 at home.

Mariners 6, Tigers 3 Alex Rodriguez hit his 35th homer, a tie-breaking three-run shot in the seventh, as Seattle finished its first-ever four-game sweep of Detroit.

Ken Griffey, the AL home run leader with 41, failed to homer for the ninth straight game as he went 1-for-5 with three strikeouts. But he made a spectacular leaping catch in center to rob Luis Gonzalez of a two-run homer.

Red Sox 14, Rangers 6 Mo Vaughn hit his 30th and 31st homers and drove in four runs as Boston completed an 8-4 road trip.

Vaughn had a solo homer in the fourth and a three-run shot in Boston's six-run fifth.

Twins 5, Orioles 4 Pat Meares went 3-for-4 with two runs batted in as Minnesota beat Baltimore for its first victory in eight games in August.

Angels 9, White Sox 0 Chuck Finley won for the first time since June 30, allowing only three hits in seven innings at Chicago.

Tim Lincecum was 3-for-5 with three runs batted in for Anaheim.

Devil Rays 2, Indians 1 John Flaherty's ninth-inning double drove in Quinton McCracken from first base as Tampa Bay beat visiting Cleveland.

Blue Jays 4, Athletics 3 Jose Cruz hit a two-run homer off in the eighth as Toronto rallied at home to beat Oakland.



Giants' Burks jumping in vain for Galarraga's homer.

Olerud Aims to Add NL Batting Title to AL He'd Be the Second to Lead Both Leagues

By Jason Diamos
New York Times Service

DENVER — John Olerud had never heard of Ed Delahanty. Neither, for that matter, had the Mets manager, Bobby Valentine.

For good reason. Delahanty concluded his major league career in 1903. But should Olerud win the National League batting title this season, he would join Delahanty in an exclusive club.

According to the Elias Sports Bureau, Delahanty, who led the National League in hitting with Philadelphia in 1899 (.410) and the American League with Washington in 1902 (.376), is the only person to win batting crowns in both leagues.

"I could be a household name like his," Olerud, who is known for having a dry sense of humor, joked after going 4 for 5 against the Colorado Rockies on Sunday.

When told that Delahanty had been elected to baseball's Hall of Fame (in 1945), Olerud said, "Well, that's good."

Even though Olerud increased his batting average to .352 Sunday afternoon and extended his hitting streak to 23 games, he said he did not think about batting championships. Joe DiMaggio's record 56-game streak or even the Hall of Fame.

The quiet first baseman comes into every season with just one goal: hitting 300. And, despite a lifetime .293 batting average coming into this year, Olerud has accomplished this goal only once in his 10-year major league career.

That was in 1993, when Olerud, playing for the Toronto Blue Jays, flirted with the 400 mark into August, before settling for a .363 average to lead the American League. The next three seasons, Olerud slipped to .297, .291 and .274, as the Blue Jays tinkered with his swing in an attempt to get Olerud to pull the ball more.

"I was a mess," Olerud said.

So much so that the Blue Jays shipped Olerud to the Mets after the 1996 season for pitcher Robert Person. Last year, Olerud started off strong, batting .356 in

April. But that did not keep the Toronto general manager, Gord Ash, from playing down the early success.

In a May 17, 1997, article in The Toronto Star, Ash was quoted as saying: "People in this league know how to work him. They're not at that point in the National League."

As the summer went along, Ash appeared to be correct. Olerud slumped in late June, hit just .198 in July and did not fully recover until September, when he finished off strong to hit .294 for the year.

It appeared Olerud was in for a repeat performance this season. On June 5, he led the National League with a .372 average.

By June 30, Olerud was hitting .319 and had fallen out of the league's top 10. Ever since, however, Olerud's swing has evoked memories of the summer of 1993, when he could do no wrong.

Since July 1, Olerud has hit .411. In working with the Mets' hitting coach, Tom Robson, to refine his swing, Olerud has found the power that had eluded him earlier in the year, especially in the way he has been able to turn on inside fastballs, while not sacrificing his ability to hit balls where they are pitched.

Olerud's current 23-game hitting streak ties him for second on the Mets' career list with Cleon Jones and Mike Vail, and is one off Hubie Brooks' team record, set in 1984.

Olerud is doing everything right. Not that he blames Ash for trading him.

"I don't think it proves anybody wrong," Olerud said. "I didn't have real good years the last few years in Toronto. I understand why they were frustrated with the way I was playing."

Why, he was asked, has he all of a sudden found it again?

"I have no idea," Olerud said. "In '93, I thought I had things all figured out. The next year, I didn't have a bad year. But in '95, I really struggled, and in '96, I struggled again. So, no matter how well I'm doing, I'm not going to say I've figured it out. It comes and goes."

Robson added: "He's going to have another dip. It just depends when and how long. Hopefully it will be right after the playoffs."

Houston's Wagner Comes Back to Beat Philadelphia

The Associated Press
Billy Wagner pitched for the Astros for the first time since being struck in the head by a line drive, and Houston beat Philadelphia, 11-2, to complete a three-game sweep.

The incident on July 15 at Arizona left Wagner with a concussion and a cut ear. But after making two minor league appearances, the left-hander was ready to rejoin the Astros, and they were only too glad to have him back.

Wagner's return Sunday capped a three-game set that began with Randy Johnson pitching a five-hit shutout in his home debut at the Astrodome for Houston on Friday.

Moises Alou drove in four runs Sunday for the Astros with a two-run homer and a two-run double, giving him 30 homers and 101 RBIs in this season.

Cardinals 2, Cubs 1 In St. Louis, Mark

McGwire and Sammy Sosa were both kept in the ballpark, and John Mabry's pinch-hit homer helped the Cardinals sweep the three-game series.

Neither McGwire nor Sosa, who each homered on Saturday in St. Louis's 9-8 victory in 13 innings, got many pitches to hit. Sosa singled, walked three times and struck out to end the game with a runner at first. He tied Saturday's game with a two-run homer in the ninth.

McGwire struck out twice and walked twice, giving him 121 this season. He has 46 homers and Sosa 44 as they chase Roger Maris's single-season record of 61.

Mabry pinch-hit for starting pitcher Darren Oliver in the sixth and homered off Don Wengert.

Phillies 2, Dodgers 1 Chris Peters pitched seven strong innings and Jason Kendall homered as Pittsburgh snapped

a four-game losing streak by winning in Los Angeles.

The loss snapped an 11-game winning streak for Chan Ho Park (10-6) at Dodger Stadium, one short of the franchise record of 12 set by Orel Herschiser.

Brewers 7, Giants 5 Atlanta's Dennis Martinez became the winningest Latin pitcher in baseball history when Chipper Jones hit a tie-breaking, two-run single in the ninth inning at San Francisco.

Martinez (3-4) pitched a perfect eighth to break Juan Marichal's record of 243 wins at the same park where Marichal started for the Giants.

Padres 6, Marlins 5 In San Diego, Ken Caminiti hit a two-run homer in the fourth inning to let pitcher Sterling Hitchcock off the hook.

The shot bailed out Hitchcock, who allowed three homers in the first three

innings. Trevor Hoffman got his major-league-leading 38th save.

Rockies 14, Mets 4 Dante Bichette went 4-for-5 and Darryl Kile (8-14) won in Denver for just the third time this season.

Kile allowed 10 hits. He was coming off the shortest outing of his career, 1 1/2 innings at Pittsburgh.

John Olerud went 4-for-5 and extended his hitting streak to 23 games for New York.

Expos 8, Diamondbacks 2 Bob Henley's two-run double keyed a five-run, two-out rally in the seventh as host Montreal won for the sixth time in seven games.

Brewers 4, Reds 3 Leadoff hitter Fernando Vina revived Milwaukee's offense with a pair of hits and steals as the Brewers rebounded from consecutive 17-0 and 4-0 shutouts in Cincinnati.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

New York	84-29	Pct. .68
Boston	68-47	.591
Baltimore	61-54	.527
Toronto	59-49	.542
Tampa Bay	45-69	.395

CENTRAL DIVISION

Cleveland	65-51	.560
Minnesota	62-52	.542
Kansas City	52-65	.442
Chicago	51-64	.442
Detroit	46-69	.400

WEST DIVISION

Texas	61-53	.533
Seattle	51-62	.448
San Diego	52-64	.444
Oakland	46-69	.400

NATIONAL LEAGUE

EAST DIVISION

Atlanta	79-39	.669
New York	62-53	.539
Philadelphia	56-60	.483
Pittsburgh	49-67	.421
Florida	41-75	.350

CENTRAL DIVISION

Houston	71-46	.607
St. Louis	64-54	.542
Chicago	58-59	.496
Los Angeles	46-63	.421
San Francisco	45-69	.395

WEST DIVISION

San Diego	72-41	.636
San Francisco	68-47	.591
Los Angeles	60-58	.510
Colorado	52-65	.442
Arizona	44-73	.376

TRANSITIONS

AMERICAN LEAGUE

DETROIT

DETROIT — Put INF Dave Biscotti on 15-day disabled list.

DETROIT — Put RHP Doug Boscini on 15-day disabled list. Recalled RHP A.J. Soper from Toledo, IL.

TEXAS — Sent OF Mark Lue to St. Louis to complete contract. Signed OF Wes Chamberlain and recalled him to Oakland.

ACQUIRED OF Jack Volpi from Oakland for player to be named and assigned him to Oklahoma.

NATIONAL LEAGUE

ST. LOUIS

ST. LOUIS — Activated 1B Travis Lee from 15-day disabled list. Recalled RHP Josh Wolcott from Tucson, AZ.

DETROIT — Signed INF Danny Klesien to Tucson. Sent RHP Barry Manrel outright to Tucson.

CINCINNATI — Optioned RHP Todd Wilkins to Indianapolis, IL.

HOUSTON — Optioned LHP C.J. Nitkowski to New Orleans. PCL. Bought contract of OF Pete Incaviglia from New Orleans.

ST. LOUIS — Promoted OF J.D. Drew to Memphis. PCL. Promoted RHP Chad Hutchinson to Prince William, VA.

FOOTBALL

NATIONAL FOOTBALL LEAGUE

SAN DIEGO — Agreed to terms with WR Michael Haynes on 1-year contract.

HOCKEY

NATIONAL HOCKEY LEAGUE

EDMONTON — Re-signed LW Todd Marchant to 2-year contract.

DENNIS THE MENACE



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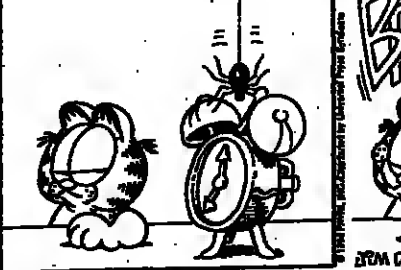
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GARFIELD



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BEETLE BAILEY



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BLONDIE

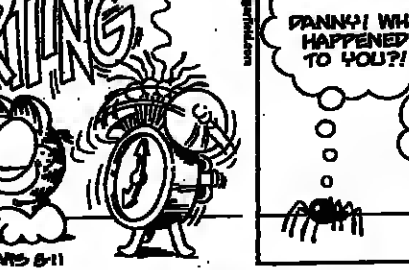


WIZARD OF ID



"HAS THE JURY REACHED A VERDICT?"

NON SEQUITUR



"I'M BEGINNING TO PICK UP ON A SENSE OF HOSTILITY HERE..."

DOONESBURY



"OH MY. I LIKE THAT."

BEING A SKILLED MEDIATOR, NOTHING GETS BY NANCY...



CALVIN AND HOBBES



"I'M GLAD WE HAD THIS DISCUSSION..."

WIZARD OF ID



"HAS THE JURY REACHED A VERDICT?"

NON SEQUITUR



"I'M BEGINNING TO PICK UP ON A SENSE OF HOSTILITY HERE..."

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"OH MY. I LIKE THAT."

ART BUCHWALD

The \$50 Million Wish

MARTHA'S VINEYARD, Massachusetts — It is now estimated that the Starr investigation has cost taxpayers \$50 million. My friend Volani says that is not chopped liver.

Volani said that there were so many things you could buy for \$50 million — rather than spend it feeding a half-dozen grand jury rooms. A group of us were out fishing for smoked salmon, and we pressed Volani as to what he would rather spend \$50 million on.

He said, "Two tickets to a Celtics basketball game."

Torgerson said, "I'd rather use the money to have lunch at the Four Seasons restaurant in New York."

Bergstrom was more practical. "You can still get an Armani suit for \$50 million and have money left over for a pair of Bally shoes."

I said, "If I had \$50 million I would fly first class on Con-



Buchwald

tinental Airlines, something I could never afford before."

Zion, who is the jokester of the group, said, "I'd buy \$50 million worth of Powerball lottery tickets."

Some said, "I'd use the money to hire a lawyer to defend myself against Linda Tripp."

Trebitzer, who was at the helm of the boat, said, "If I had \$50 million, I would give it to my wife so she could afford to divorce me."

The consensus on the boat was that Starr required too much money to bring the country to its knees. Even when he got Monica Lewinsky to sing, the taxpayers didn't see that they were getting their money's worth. If Starr had gotten the goods on Clinton for a land deal in Whitewater, no one would complain about the bills.

But trying to pin a crime on the president for what he did behind closed doors of the White House is not worth more to the taxpayers than \$12.50.

On the Fringe in Edinburgh

Compiled by Our Staff From Dispatches

EDINBURGH — The 1998 Edinburgh Fringe, the alternative to the annual Edinburgh Festival, retained its Guinness Book of World Records status as the largest festival of arts when it opened Sunday for its 51st season.

With 16,141 performances of 1,309 shows by 9,810 artists, the Fringe is a cornucopia of arts both traditional and not so. Falling in the former category are the European premiere of Sam Shepard's play "Shaved Heads" and a tribute to the French 1960s balladeer Serge Gainsbourg by '90s rockers like P.J. Harvey.

Then there's the "mad musical mayhem" of "The Jolly Folly of Polly the Scottish Trolley Dolly." Just don't ask what it's about. The festival's organizers aren't sure themselves, though a spokesman said it had nothing to do with cloning.

The Fringe kicked off a week ahead of the 52d mainstream festival, which offers more traditional classical dance, opera, theater and music. (NYT, AFP)

Calder Estate Rejects the Flattery of Imitation

By Winnie Hu
New York Times Service

NEW YORK — As an international relations student at Stanford University in 1982, Brad Howe often trolled the library stacks for the idle book that would catch his interest. One day, he found a book that changed his future. It was about Alexander Calder's mobiles and, as he tells it, it inspired him to become a sculptor.

"They spoke so clearly to me that it made me want to respond," Howe said of the book's illustrations. "I wanted to drop everything and start making mobiles. I'm inspired by many artists today, but the door to the art world was opened by Alexander Calder."

Today, though, Howe and other mobile sculptors find themselves in the odd position of having their works challenged by Calder's estate. At its request, the San Francisco Museum of Modern Art plans to remove their mobiles from its gift shop during the major Calder exhibition to be held there from Sept. 4 through Dec. 1.

Two other museums, the Whitney Museum of American Art in New York and the Phillips Collection in Washington, have yanked mobiles from their shops permanently, out of awareness of the estate's concern that the public would not differentiate the objects from Calder's work. The Whitney opened its new Calder gallery, which features his famous "Cirrus," in March, and the Phillips currently has two Calder stables on loan from the artist's family.

"I find it offensive that the family of an artist would try to prevent other artists from having access to the public," Howe said.

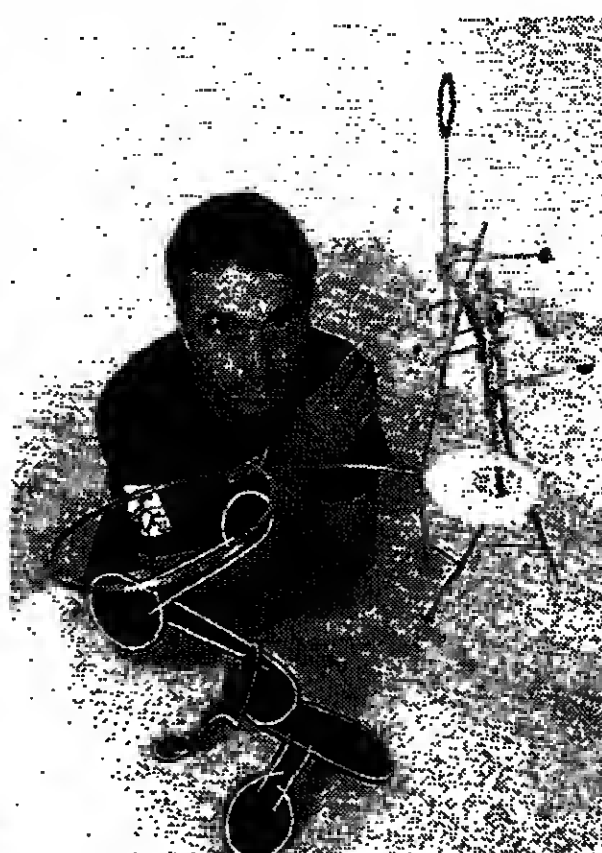
Ralph Lerner, the lawyer for the estate, sees things differently. "These artists can go anywhere else," he said. "During the period of the show, they'd be trading on the reputation of Alexander Calder."

More fundamentally, though, the dispute raises the question of whether the sculptural form shaped by Calder has been so identified with him that those creating in his wake will forever be in the position of having their originality questioned. It also cuts in complicated ways at another issue: when a piece is so similar to those of another artist that it infringes on a copyright.

While Howe and other artists freely acknowledge they have drawn from Calder's art, they say the end product is their own. Howe's mobiles, for instance, use lime-green and pink — shades not usually associated with Calder's use of colors like red, black and blue.

"Calder created a vocabulary in kinetic sculpture," said Howe, who lives in Los Angeles. "My goal is not to create Calder. My goal is to create kinetic sculpture that inspires."

The sentiment is one that gains a certain sympathy even at the museums that have sided with the Calder estate. "We are sympathetic in the artist who feels his work is being displaced," said Lori Fogarty, the San Francisco museum's deputy director for curatorial affairs. "But ultimately we were more sympathetic to the Calder family. When we are going to an artist's estate and asking to borrow 100 works and relying on their generosity, we feel very sympathetic."



Brad Howe, with some of his Calder-inspired work.

The 270-work Calder retrospective, the first major showing of his work since 1976, moves to the San Francisco Museum after its debut at the National Gallery of Art in Washington. More than 288,700 people attended the exhibition from March 29 to July 12, said Deborah Ziska, a spokeswoman for the National Gallery.

Fogarty said the Calder family's request to remove the mobiles was included earlier this year with loan papers for the show.

Lerner said the sale of mobiles resembling Calder's during the show would only confuse the public. Some visitors, he said, would assume that the mobiles were reproductions licensed or endorsed by the estate of Calder, who died in 1976. The estate does not usually permit reproductions of Calder's mobiles.

Lerner said the estate did not intend to sue the mobile artists, attempt to confiscate their works or prevent them from selling elsewhere. "We are bending over backward to be reasonable to everybody," he said.

Willard Holmes, the Whitney's acting director, said he had not been asked directly to remove the gift-shop mobiles. "We removed those where we felt there was a legitimate concern they would cause confusion in the visitor's mind," he said.

Some museum officials say mobiles must meet certain aesthetic standards to be sold in their gift shops. "There's a fine line between fine arts and design objects," Fogarty said. "For the most part, our objects are very carefully selected. We don't sell just any kind of design object."

Behind the aesthetic questions are legal ones. In recent years, dozens of artists and their estates have sued, charging copyright infringement, to protect works from being reproduced on coffee cups, beach towels and the like, and from being appropriated by other artists.

"If they don't protect the integrity of the work, it loses its value," said Theodore Feder, president of the Artists Rights Society, a for-profit organization that represents artists' estates and authorizes reproductions of works by Calder, Picasso, Matisse, Pollock, Warhol and others. "Anybody could imitate and sell it on the marketplace. If you couldn't distinguish one from another, it would be worth what the cheapest one is worth."

Unlike other artists, though, Calder not only created singular works but also was the best-known innovator of the mobile as an art form. Lawyers, art experts and artists disagree over what elements of mobile art are so identified with Calder that they cannot be used without violating copyright law.

"Calder basically created a medium," said Regina Stewart, executive director of the New York Artists Equity Association, a nonprofit advocacy organization for visual artists. But, referring to the estate, she added, "It's also like they're saying, 'Don't use acrylic paint because I'm the first artist to use it.'"

In the case of the mobiles, however, Amy Schwartzman, executive director of Volunteer Lawyers for the Arts in New York, said there might be a copyright issue if the courts found the works to be "substantially similar" to Calder's and the artist had seen Calder's work, even if the artist had not consciously copied it.

"You can absolutely draw on something as inspiration, but you cannot copy the image," she said.

Alexander Rower, Calder's grandson, who helped organize the Calder retrospective, said he did not know about the specific request made to the San Francisco museum. But he said the family had been concerned for years about the sale of Calder-esque mobiles. "I find them upsetting," he said. "My grandfather, when he made the work, he never wanted it reproduced."

Howe's mobiles and sculptures, meanwhile, are featured in a 200-page book about his work, "Serious Exuberance," with an introduction by Peter Frank, an art critic in Los Angeles, to be released in December. Next month, 20 of his pieces will be displayed in a show at the Jeruigan Wicker Fine Arts gallery in San Francisco.

"He's certainly not an arts-and-crafts guy; he is a well-established artist," said Cheryl Wicker, the gallery owner.

PEOPLE

THE talk show host Jay Leno took a turn as a pro wrestler in an outdoor tag-team match staged at the Sturgis (South Dakota) Motorcycle Classic, where thousands of bikers on Harleys revved their engines to rally the big-chinned comedian. In a "sport" where competitors wear Day-Glo spandex, the "Tonight Show" host opted for a taggy T-shirt and sweatpants. He teamed up with Diamond Dallas Page against Hulk Hogan and Eric Bischoff in a pay-per-view event. Leno dropped Hogan early on. Clouds of motorcycle exhaust filled the air as fans goosed their throats to applaud Leno, who went on to stun Bischoff with a low blow before repeatedly ramming the wrestler's head into the ring's corner post as the crowd loudly counted each impact. Leno and Page "woo" thanks to the "Tonight Show" band leader, Kevin Eubanks, who was Leno's manager for the bout. He stepped in and used Page's trademark move, the Diamond Cutter, to immobilize Bischoff so the comic could pin him.

After playing one on television, the actress Candice Bergen may land a job as a real-life journalist on "60 Minutes," the CBS news program. Bergen's experience as a reporter for the fictional "FYI" on the network's "Murphy Brown" may lead to a stint on CBS's actual award-winning show, according to Don Hewitt, executive producer of "60 Minutes." "Now that she is no longer doing 'Murphy Brown' it dawned on me that she may want to do a story or two for us," Hewitt said. "Once we make the determination that there is a story

worth her doing, we'll give her a chance to do it and we'll see how she does."

Prince Charles has summoned Tiggy Legge-Bourke, the

Miramax Magazine Names Editor

New York Times Service

NEW YORK — Tina Brown, who recently resigned as editor of The New Yorker, has chosen a longtime colleague to be executive editor of her monthly magazine at Miramax, which is due out in September 1999.

David Kuhn, 38, the features and special issues editor at The New Yorker, was appointed Friday as executive editor and vice president of the new magazine. He will also be vice president of Brown's and Ronald Galotti's new multimedia division within Miramax, which will include the magazine unit and units for books, television specials and feature films.

Before going to The New Yorker in June 1994, Kuhn spent two years developing film material as a production executive at Longview Entertainment, a company affiliated with Universal/MCA. Before that, he spent seven years as an editor at Vanity Fair, under Brown's leadership there.

former nanny of his two sons, to explain why Prince Harry was allowed to scale a dam headfirst without a helmet or other safety equipment, a London newspaper reported. The Daily Mail reported that Charles was "livid" after seeing a photograph in the News of the World tabloid that showed the 13-year-old prince being eased down the incline of a 160-foot dam without a helmet, mountaineering boots or backup safety rope. "He has lost track of the times he has made clear that William and Harry can't do whatever they want to do because they are not ordinary children," the Mail quoted an unidentified "close friend" of Prince Charles as saying. Prince William, 16, was also reported by the tabloid as having descended the wall without safety equipment. The Mirror observed: "People who endangered royal lives used to be hauled off to the Tower of London, via Traitor's Gate, pending a short walk to the executioner's block. Let's see some heads roll again."

Angela Bassett showed "How Stella Got Her Groove Back" without showing all. Playing an unhappy 40-year-old who hooks up with a 20-year-old bank in a Caribbean paradise, Bassett refused to do any nude scenes in the new movie. "It's always the girl who takes her clothes off," Bassett says in Sunday's Daily News. "We're the objects. It's just not necessary." Bassett was nominated for an Academy Award for "What's Love Got to Do With It," playing the singer Tina Turner.



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